

ANNUAL REPORT

OF THE

MINNEAPOLIS, ST. PAUL & SAULT
STE. MARIE RAILWAY COMPANY

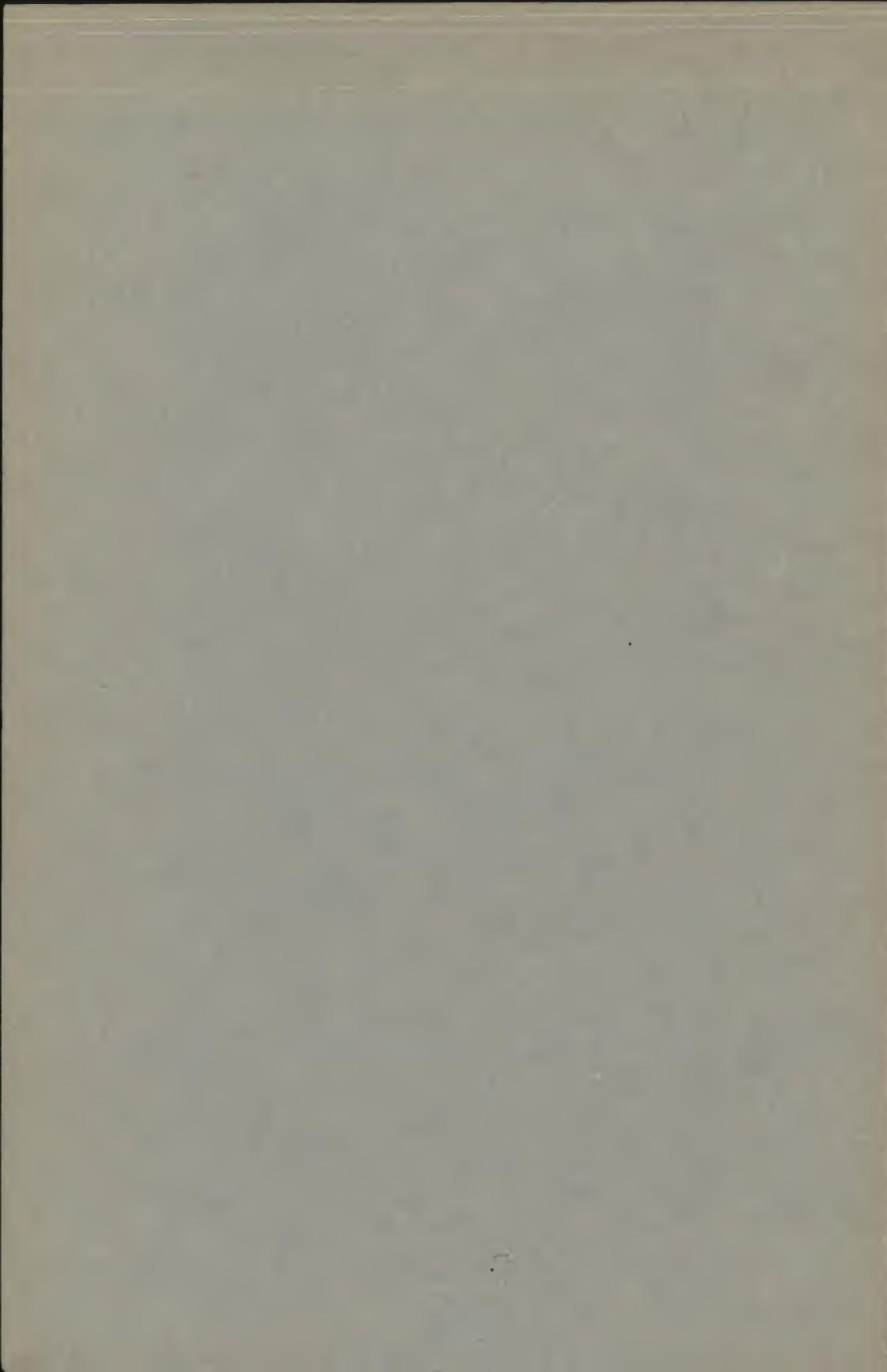
G. W. WEBSTER AND JOSEPH CHAPMAN, TRUSTEES

FOR THE YEAR ENDED
DECEMBER 31
1941



STRAWBOARDS

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FOR THE YEAR ENDED

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This report is published by the Trustees of the property of the Company and includes operations and accounts prior and subsequent to Trusteeship in order to preserve the continuity of the annual records for comparative purposes.





**MINNEAPOLIS ST. PAUL & SAULT STE. MARIE
RAILWAY COMPANY**

G. W. Webster and Joseph Chapman, Trustees

C. S. POPE, Executive Assistant
R. E. DAVIES, Assistant to Trustees
J. L. HETLAND, Counsel for Trustees

E. A. WHITMAN	Chief Operating Officer	Minneapolis, Minn.
E. G. CLARK	General Traffic Manager	Minneapolis, Minn.
A. E. HANCOCK	Comptroller	Minneapolis, Minn.
C. H. BENDER	Treasurer	Minneapolis, Minn.
T. Z. KRUMM	Chief Engineer	Minneapolis, Minn.
R. SIMPSON	Asst. to Chief Operating Officer	Minneapolis, Minn.
W. G. MILLER	Asst. to Chief Operating Officer	Minneapolis, Minn.
C. L. SIMPSON	General Superintendent	Minneapolis, Minn.
B. N. LEWIS	Mechanical Superintendent	Minneapolis, Minn.
J. B. NOYES	Purchasing Agent & Gen'l Stkpr.	Minneapolis, Minn.
R. S. CLAAR	Real Estate & Land Commissioner	Minneapolis, Minn.
R. N. GOLDEN	Asst. General Traffic Manager	Minneapolis, Minn.
E. F. RICE	Freight Traffic Manager	Minneapolis, Minn.
C. V. GALLAGHER	Asst. Freight Traffic Manager	Chicago, Illinois
T. A. ERICKSON	General Passenger Agent	Minneapolis, Minn.
H. A. THOMSON	Tax Commissioner	Minneapolis, Minn.
J. R. CHAPMAN	Assistant Comptroller	Minneapolis, Minn.
J. E. OLSON	Assistant Treasurer	Minneapolis, Minn.

BOARD OF DIRECTORS

SIR EDWARD W. BEATTY, G. B. E.	Montreal, Quebec
E. L. CARPENTER	Minneapolis, Minn.
E. G. CLARK	Minneapolis, Minn.
E. W. DECKER	Minneapolis, Minn.
F. T. HEFFELFINGER	Minneapolis, Minn.
C. T. JAFFRAY	Minneapolis, Minn.
C. S. LANGDON	Minneapolis, Minn.
H. S. MITCHELL	Minneapolis, Minn.
J. S. PILLSBURY	Minneapolis, Minn.
F. J. SENSENBRENNER	Neenah, Wis.
W. N. TILLEY, K. C.	Toronto, Ontario
L. E. WAKEFIELD	Minneapolis, Minn.
G. W. WEBSTER	Minneapolis, Minn.

Two Vacancies.

CORPORATE OFFICERS

C. T. JAFFRAY	Chairman of the Company	Minneapolis, Minn.
G. W. WEBSTER	President	Minneapolis, Minn.
P. J. STOCK	Secretary	Minneapolis, Minn.
C. H. BENDER	Treasurer	Minneapolis, Minn.
J. E. OLSON	Asst. Sec'y and Asst. Treasurer	Minneapolis, Minn.

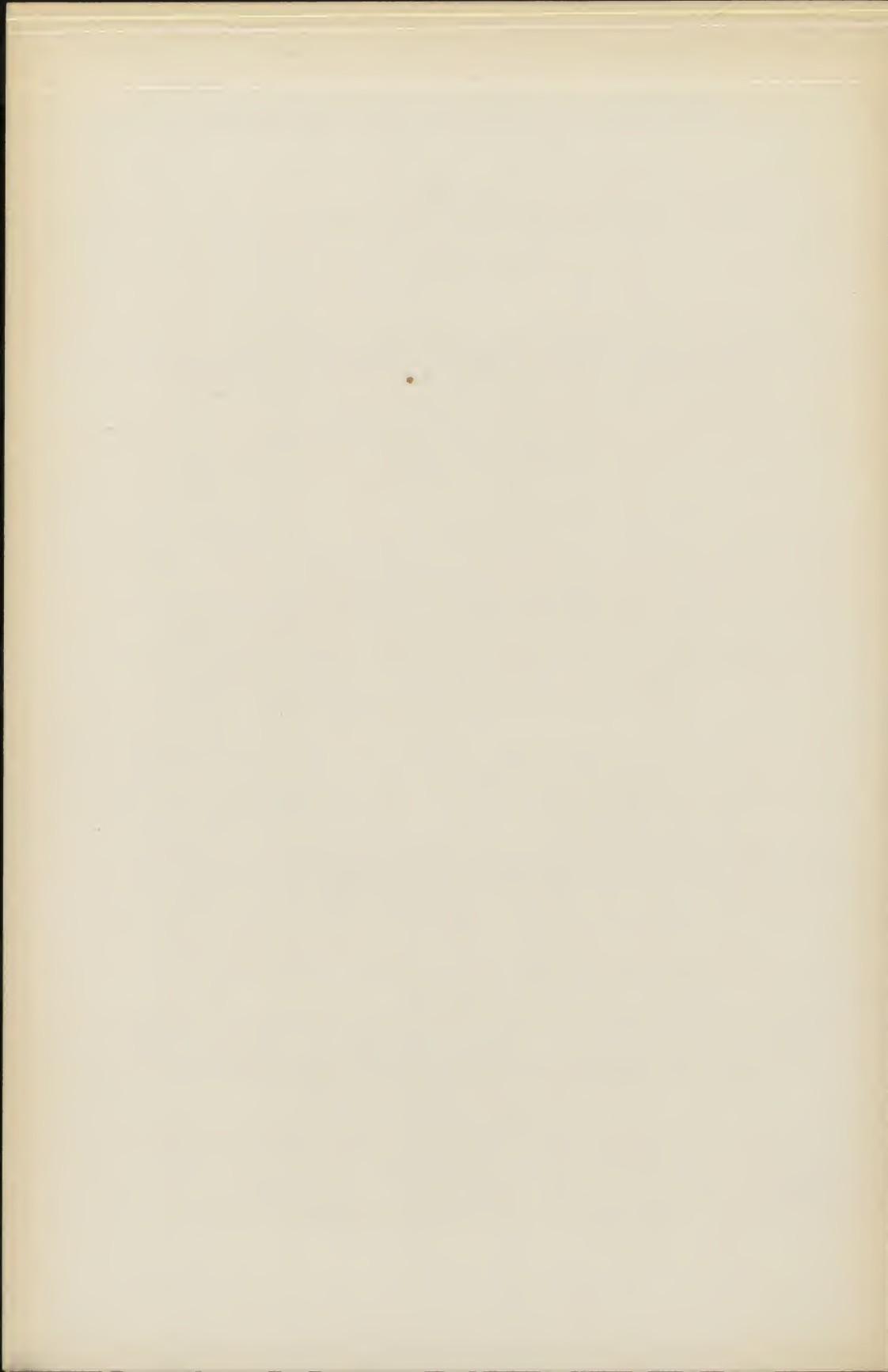
Transfer Agents: Common and Preferred Stock
BANK OF MONTREAL TRUST Co.
64 Wall Street, New York

Transfer Agents: Bonds and Leased Line Certificates
AGENTS, BANK OF MONTREAL
64 Wall Street, New York

Registrar of Stocks: **CENTRAL HANOVER BANK**
& TRUST CO., New York

Registrar of Bonds: **AGENTS, BANK OF MONTREAL**
64 Wall Street, New York

Annual Meeting Third Tuesday in May, at Minneapolis, Minn.



In The
DISTRICT COURT OF THE UNITED STATES
FOR THE DISTRICT OF MINNESOTA
Fourth Division

In Proceedings for the Reorganization of a Railroad

In the Matter of
MINNEAPOLIS, ST. PAUL & SAULT
STE. MARIE RAILWAY COMPANY,
Debtor. } No. 13816

Trustees' Annual Report

*To the Honorable Judges of the District Court of the United States,
for the District of Minnesota, Fourth Division:*

Submitted herewith is a report for the fiscal year ended December 31, 1941.

The following condensed statement shows the results of the operations for the year 1941 as compared with 1940:

	Year 1941	Year 1940
Railway Operating Revenues.....	\$19,731,911.13	\$17,137,578.50
Railway Operating Expenses.....	15,500,031.38	13,359,435.87
Net Revenue from Railway Operations....	\$ 4,231,879.75	\$ 3,778,142.63
Net Equip., Jt. Facil. Rents and Taxes—Dr.....	1,918,310.50	1,741,864.15
Net Railway Operating Income.....	\$ 2,313,569.25	\$ 2,036,278.48
Other Income—Net.....	130,607.49	131,676.53
Income before fixed charges.....	\$ 2,444,176.74	\$ 2,167,955.01
Rent for Leased Roads, Interest on Equipment Obligations and Miscellaneous Accounts, being paid by Trustees.....	55,446.13	39,900.83
Balance.....	\$ 2,388,730.61*	\$ 2,128,054.18

*After \$396,820.91 charged to Operating Expenses for special amortization of equipment in excess of regular depreciation charges, authorized by a Defense Certificate of the War Department.

In addition to the fixed charges being paid by the Trustees, interest was accrued on the books of the Company on its Bonds, Notes, Advances, etc., amounting to \$6,551,366.94 in 1941 as compared with \$6,556,853.47 for the preceding year.

				Increase or Decrease
	Year 1941	Year 1940	Amount	Per Cent
Railway Operating Revenues				
Freight Revenue.....	\$17,663,263	\$15,208,573	\$2,454,690	16.14
Passenger Revenue.....	657,090	652,228	4,862	.74
All Other Revenues.....	1,411,558	1,276,777	134,781	10.56
Total Ry. Operating Revenues..	\$19,731,911	\$17,137,578	\$2,594,333	15.14

A comparative statement of freight revenues and cars handled follows:

(000 omitted from revenues)					
Products of Agriculture:	1941	1940	1939	1938	1937
Cars.....	41,761	36,649	29,633	28,932	26,929
Revenue	\$5,971	\$4,724	\$3,560	\$3,048	\$2,193
 Animals and Products:					
Cars.....	10,998	9,768	9,734	8,657	10,511
Revenue	\$ 708	\$ 670	\$ 697	\$ 589	\$ 740
 Products of Mines:					
Cars.....	71,773	61,983	53,834	40,839	65,570
Revenue	\$2,918	\$2,519	\$2,255	\$1,793	\$2,574
 Products of Forests:					
Cars.....	49,589	38,250	32,482	28,774	45,864
Revenue	\$2,074	\$1,779	\$1,653	\$1,455	\$2,027
 Manufactures and Miscellaneous:					
Cars.....	67,655	58,415	51,882	47,976	59,399
Revenue	\$5,162	\$4,738	\$4,244	\$3,932	\$4,325
 Less than Carload Freight:					
Tons.....	107,964	92,261	101,519	106,870	116,675
Revenue	\$ 830	\$ 779	\$ 845	\$ 850	\$ 881
 Grand Total:					
Cars.....	241,776	205,065	177,565	155,178	208,273
Revenue	\$17,663	\$15,209	\$13,254	\$11,667	\$12,740

Freight Revenues in detail for the year 1941 as compared with year 1940 were as follows:

			Increase or Decrease
	1941	1940	Amount
	Per Cent		
Products of Agriculture:			
Wheat	\$ 3,669,250	\$ 3,233,152	\$ 436,098
Corn	136,525	97,511	39,014
Oats	285,072	163,549	121,523
Barley and rye.....	980,364	427,639	552,725
Flaxseed	326,369	221,433	104,936
Hay and alfalfa.....	51,603	63,465	11,862
Potatoes	124,613	128,173	3,560
All other.....	396,820	388,458	8,362
	<hr/>	<hr/>	<hr/>
Total.....	\$ 5,970,616	\$ 4,723,380	\$1,247,236
	<hr/>	<hr/>	<hr/>
Animals and Products:			
Cattle and calves.....	\$ 255,363	\$ 231,159	\$ 24,204
Butter	133,123	118,548	14,575
All other.....	319,888	320,690	802
	<hr/>	<hr/>	<hr/>
Total.....	\$ 708,374	\$ 670,397	\$ 37,977
	<hr/>	<hr/>	<hr/>
Products of Mines:			
Bituminous coal.....	\$ 782,775	\$ 749,513	\$ 33,262
Lignite coal.....	587,876	551,771	36,105
Iron ore.....	1,030,567	721,170	309,397
All other.....	517,356	496,740	20,616
	<hr/>	<hr/>	<hr/>
Total.....	\$ 2,918,574	\$ 2,519,194	\$ 399,380
	<hr/>	<hr/>	<hr/>
Products of Forests:			
Posts, poles and piling.	\$ 128,635	\$ 166,958	\$ 38,323
Pulpwood	454,941	421,129	33,812
Lumber, shingles, lath.....	1,247,821	981,307	266,514
All other.....	242,425	209,706	32,719
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Total.....	\$ 2,073,822	\$ 1,779,100	\$ 294,722
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Manufactures and Miscellaneous:			
Petroleum oils, refined, etc.....	\$ 1,315,953	\$ 1,481,115	\$ 165,162
Fuel and road oils, etc.	243,989	208,362	35,627
Iron, steel (5th class) ..	173,941	154,424	19,517
Cement, building.....	152,711	149,380	3,331
Agricultural implements and parts.....	167,328	159,972	7,356
Tractors and parts....	220,826	228,277	7,451
Automobiles, passenger ..	81,642	111,541	29,899
Newsprint paper.....	533,881	515,350	18,531
All other.....	2,271,310	1,729,316	541,994
	<hr/>	<hr/>	<hr/>
Total.....	\$ 5,161,581	\$ 4,737,737	\$ 423,844
	<hr/>	<hr/>	<hr/>
Less-than-carload Freight..	\$ 830,296	\$ 778,765	\$ 51,531
	<hr/>	<hr/>	<hr/>
Total carload and L. C. L. Freight.....	\$17,663,263	\$15,208,573	\$2,454,690
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Products of Agriculture: It is estimated that the 1941 grain crop produced in Soo Line territory, west of Minneapolis and Duluth, amounted to approximately 50,000,000 bushels, of which 26,165,000 bushels moved to market between August 1 and December 31, 1941, and the balance remained in elevators and on farms along the line. In addition, approximately 2,782,000 bushels of grain were received from the Canadian Pacific for movement to the Head of the Lakes for storage in bond.

Revenue from the movement of grain during the year 1941 amounted to \$5,397,580 as compared to \$4,143,284 in 1940, an increase of \$1,254,296, or 30.27%. Revenues from other products of agriculture amounted to \$573,036 in 1941 as compared to \$580,096 in 1940, a decrease of 1.22%.

Cooperation was given various state and federal farm organizations in aiding them in their endeavors to improve the quality of seeds and livestock. Educational activities dealing with various other problems of agriculture were also continued.

The table below shows the total movement of grain in bushels over the Soo Line, beginning in 1922, separated between that originated on line and received from connections in the grain territory, and other movements consisting chiefly of transfers of grain between Minneapolis and the Head of the Lakes.

(000 omitted from bushels)

	Originated on Line			Received from			Other Movements	
	Jan. 1 to July 31	Aug. 1 to Dec. 31	Total	Connections	Total	Total	Total	Total
1922....	12,262	33,439	45,701	2,477	48,178	7,761	55,939	
1923....	23,347	20,659	44,006	2,390	46,396	5,178	51,574	
1924....	12,299	46,441	58,740	2,173	60,913	5,736	66,649	
1925....	17,673	37,944	55,617	2,182	57,799	5,136	62,935	
1926....	14,935	18,272	33,207	1,930	35,137	5,939	41,076	
1927....	10,410	36,716	47,126	1,698	48,824	6,072	54,896	
1928....	16,145	38,275	54,420	1,774	56,194	8,950	65,144	
1929....	16,625	20,725	37,350	1,297	38,647	7,168	45,815	
1930....	11,087	26,625	37,712	1,407	39,119	4,689	43,808	
1931....	13,652	7,801	21,453	730	22,183	3,185	25,368	
1932....	3,705	13,207	16,912	747	17,659	2,720	20,379	
1933....	10,558	10,021	20,579	645	21,224	3,409	24,633	
1934....	6,394	4,954	11,348	1,996	13,344	5,534	18,878	
1935....	3,105	14,046	17,151	927	18,078	4,201	22,279	
1936....	6,379	3,517	9,896	1,112	11,008	3,871	14,879	
1937....	2,147	12,427	14,574	587	15,161	3,706	18,867	
1938....	4,859	15,058	19,917	916	20,833	4,719	25,552	
1939....	7,941	17,625	25,566	1,594	27,160	3,104	30,264	
1940....	10,886	18,766	29,652	7,831	37,483	2,447	39,930	
1941....	13,549	26,165	39,714	3,433	43,147	5,127	48,274	

Animals and Products: There was an increase of \$37,977 in revenues from shipments of animals and products as compared with the year 1940, or 5.66%, due to increased shipments of livestock from Canada and an increased demand for dairy products.

Products of Mines: There was an increase of \$399,380 in revenues from shipments of products of mines as compared with the previous year, or 15.85%. Due to the war, there were increased shipments of all products of mines. Total shipments via all railroads of iron ore from mines in the Lake Superior District reached an all time high, amounting to 81,210,606 long tons in 1941 as compared to 64,310,240 long tons in 1940. Total shipments via the Soo Line amounted to 1,341,766 long tons in 1941 as compared to 954,386 long tons in 1940. Shipments via the Soo Line from the Cuyuna Range to our joint Superior dock amounted to 985,597 long tons as compared to 779,400 long tons in 1940. In addition, 132,248 long tons were shipped from the Cuyuna Range to the Head of the Lakes and delivered to other railroads. Due to unusual conditions there were 108,413 long tons shipped from Cuyuna Range to St. Louis. The remaining tonnage involved switch movements to and from connecting railroads.

Products of Forests: There was an increase of \$294,722 in revenues from shipments of products of forests as compared with the previous year, or 16.57%. The increase was principally in shipments of lumber, shingles and lath moving from Canada. Increased shipments of pulpwood reflect a greater demand for paper and packing material.

Manufactures and Miscellaneous: Revenues from shipments of commodities included in this group increased \$423,844 as compared with the previous year, or 8.95%. There were increases in shipments in nearly all commodities included in this group because of war conditions. The decrease in revenue from the transportation of refined petroleum oils is accounted for by rate reductions from pipe line and water terminals to meet truck competition, as well as reductions in rates from the southwest ordered by the Interstate Commerce Commission.

Passenger Revenue was \$657,090, an increase of \$4,862, or .74%, as compared to the previous year. There was an

increase in summer tourist travel to the Canadian Rockies and the Pacific Coast which was largely offset by a decrease in local travel.

Railway Operating Expenses for the year 1941 compared with the previous year were as follows:

	1941	1940	Increase or Decrease Amount	Increase or Decrease Per Cent
Railway Operating Revenues . . .	\$19,731,911	\$17,137,578	\$2,594,333	15.14
Railway Operating Expenses:				
Maintenance of Way and				
Structures.....	3,481,240	2,935,535	545,705	18.59
Maintenance of Equipment	3,470,755	2,682,768	787,987	29.37
Traffic	428,825	418,095	10,730	2.57
Transportation	7,432,759	6,709,801	722,958	10.77
Miscellaneous	75,636	65,087	10,549	16.21
General	642,309	574,418	67,891	11.82
Transportation for Invest- ment — Credit.....	31,493	26,268	5,225	19.89
Total Operating Expenses . . .	\$15,500,031	\$13,359,436	\$2,140,595	16.02
Operating Ratio.....	78.55%	77.95%		
Net Revenue from Railway Operation.....	\$ 4,231,880	\$ 3,778,142	\$ 453,738	12.01

Maintenance of Way and Structures Expense increased \$545,705, or 18.59%. The increase is principally accounted for by increased ballast, painting and rail welding programs in the amount of \$105,000; an increase in retirement losses from buildings and structures which were replaced amounting to \$40,000; increased wages chargeable to this account amounting to \$112,322; increased expenses caused by washouts, storms and snow removal amounting to \$229,000; and increased material costs.

Maintenance of Equipment Expense increased \$787,987, or 29.37%, which included a special charge of \$396,821, in excess of regular depreciation charges, for amortization of new equipment over a five year period pursuant to a defense certificate which was authorized by the War Department. Excluding the special charge, the increase amounted to \$391,166, or 14.58%, while locomotive miles increased 7.04% and freight car miles increased 13.35% as compared with 1940. The increase was due to an increased repair program to meet war conditions, increased wages and increased costs of materials. The percentage of unserviceable equipment as of December 31, 1941, reached an all time low. The ratio of Maintenance of Equipment Expenses, excluding special amortization charges,

to Total Operating Revenues decreased from 15.65% in 1940 to 15.58% in 1941. Including the special amortization charge, the ratio increased from 15.65% in 1940 to 17.59% in 1941.

Transportation Expenses increased \$722,958, or 10.77%, whereas the additional amount of freight handled as represented by Gross Ton Miles increased 14.73%. The ratio of Transportation Expenses to Gross Revenue decreased from 39.15% in 1940 to 37.67% in 1941. Wage increases chargeable to the account amounted to \$166,753.

General Expenses increased \$67,891, or 11.82%, which includes stationery and printing \$10,000; law expenses \$8,800; a payment to Coverdale & Colpits of \$10,000 for an investigation of the method of assignment of revenues and expenses, taxes and rents between the Wisconsin Central Railway Company and the Soo Line; wage increases chargeable to this account amounting to \$15,121; and miscellaneous expenses aggregating \$23,000, most of which were of a non-recurring nature.

Hire of Equipment: Net charges for year 1941 amounted to \$160,290 as compared to \$310,212 for the previous year, a decrease of \$149,922, due principally to increased ownership of equipment which necessitated the use of fewer foreign line cars.

Joint Facility Rents: Net charges for the year 1941 amounted to \$293,303 as compared to \$158,306 for the previous year, an increase of \$134,997. This was due almost entirely to expenses incurred by the St. Paul Union Depot Company in connection with the refinancing of \$14,737,000 of its First and Refunding Mortgage 5% Bonds, Series "A," which were a joint and several obligation of the Soo Line and other owner railroads. The present bonds, jointly and severally guaranteed as to principal and interest by the Soo Line and seven other owner roads, carry an interest rate of $3\frac{1}{8}\%$. The cost of refinancing the bonds was charged to the owning lines in 1941 and a deferred liability has been set up on the books of the Soo Line, as well as on the books of the other owning companies, to be paid over a period of years.

Railway Tax Accruals for the year 1941 amounted to

\$1,464,717 as compared to \$1,273,346 for the year 1940. Property and gross earnings taxes were \$897,785, an increase of \$119,823. Railroad Retirement Taxes of \$282,612 and Unemployment Compensation Taxes of \$282,595 increased \$35,245 and \$35,580 respectively because of an increase in the number of employes subject to the Act, and increased rates of pay. As the income tax returns filed by the company showed no taxable income for the year, no provision has been made for income taxes.

Property Investment: There was a net increase in Road Account for the year of \$171,844.06. Gross charges for Additions and Betterments during the year amounted to \$748,665.50 against which there was a credit for retirements of property of \$576,821.44. Funds for the expenditures were obtained through Operating Expenses for retirements; salvage from retirements charged to Profit and Loss; donations; and grants from governmental agencies, all aggregating \$555,231, and an appropriation from net earnings amounting to \$193,434.50. The program included the relay of 9.47 miles of track with new 100-pound rail, 28.25 miles of track with new 90-pound rail, and 18.23 miles of track with relay rail; the construction of 3.37 miles of additional side and yard tracks at various points; the placing of additional tie plates and ballast; the reconstruction of a car shop and 5 material storage sheds destroyed by storm at Shoreham, Minn., the construction of a waste and oil renovating plant, an extension to the roundhouse and machine shop, and improvements to the turntable and shop machinery also at Shoreham, Minn.; extension of the roundhouse at Thief River Falls, Minn.; the installation of 5 water stations, 2 coaling plants at various points; and the purchase of roadway machines. Credits for property retired totaling \$576,821.44 include a car shop and 6 miscellaneous shop buildings destroyed by storm, an oil and waste renovating plant and obsolete shop and power plant machinery at Shoreham; 9.36 miles of side and yard tracks at various points; engine terminal facilities at Wishek, North Dakota; 70 pens of the stockyard at Enderlin, North Dakota; 7 roundhouse stalls, 4 water stations, 2 coaling plants, 18 depots and depot shelters, and 56 minor road and terminal structures, at various locations; and 13 units of obsolete roadway machines.

There was a net increase in the Equipment Account of \$850,730.49. The gross charges aggregated \$1,358,142.48 which includes the acquisition of 200 auto box cars, 100 flat cars, 2 covered gondola cars, 1 new diesel locomotive, and 8 used steam locomotives, 4 of which were rehabilitated in 1941 and 4 were rehabilitated in 1942 and are now in service; the application of "AB" brake equipment to freight-train cars, and mechanical stokers and exhaust steam injectors to 7 locomotives; and the construction of 5 locomotive tenders. Retirements amounting to \$507,411.99 include the following obsolete equipment: 6 steam locomotives, 117 freight-train cars, 17 passenger-train cars, 14 units of work equipment, and 5 units of miscellaneous equipment.

Funded and Unfunded Debt: During the year the Trustees entered into two conditional sales contracts with the Pullman Car & Manufacturing Company for the acquisition of 200 box cars, and 50 auto box cars, costing \$758,378, and 100 flat cars costing \$257,810. The 50 auto box cars were not delivered until 1942. Principal payments aggregating \$216,971 were made and the balance is being paid in equal monthly installments, with interest at the rate of 2% per annum on diminishing unpaid balances. Principal payments aggregating \$435,792 were made in accordance with the terms of Equipment Purchase Contracts previously entered into.

Wage Increases: In June, 1941, train and engine service employes in one group and non-operating or clerical and maintenance service employes in another group, having wage and working agreements with this Company, joined in a concerted national program and served formal notice on the carriers under the Railway Labor Act requesting increases in rates of pay. The operating or train and engine service group requested an increase of thirty per cent with a minimum money increase of \$1.80 on the minimum day. The non-operating group requested an increase of thirty cents (30c) per hour subject to the provision that no employe should receive less than seventy cents (70c) per hour. The carriers served notice proposing changes in the schedules to eliminate certain burdensome, restricting and penalizing rules. Prior to June, 1941, and during the wage hearings, the carriers conducted negotiations

with the non-operating organizations regarding annual vacations with pay.

After failure to reach an agreement, the President of the United States on September 10, 1941, pursuant to Section 10 of the Railway Labor Act, appointed an Emergency Fact Finding Board to investigate and report concerning the dispute. The Emergency Board filed its report with the President on November 5, 1941, but its recommendations were not accepted by the Labor Organizations. Thereafter the Emergency Board was reconvened by the President in a further effort to bring about a settlement of the dispute to avoid any interruption in railroad transportation.

Upon direction of the President, the Board carried on mediation proceedings which resulted in agreements providing for increases in compensation to train, yard and engine service employes of 7½% for the period September 1 to November 30, 1941, inclusive, and effective December 1, 1941, an increase over rates in effect prior to September 1, 1941, of 76c per day; and for the non-operating service employes an increase of 9c per hour for the period September 1 to November 30, 1941, inclusive, and effective December 1, 1941, 10c per hour. A minimum rate of 46c per hour was also established for the non-operating service employes.

The agreements further provided that the requests for changes in rules submitted by the carriers to both labor groups be withdrawn.

Certain voluntary adjustments in pay were also granted by the Company to employes not having wage and working agreements.

As a result of the foregoing, payrolls for the period September 1st to December 31st increased as follows:

Maintenance of Way and Structures.....	\$112,322.57
Maintenance of Equipment.....	73,803.38
Traffic	5,755.31
Transportation	166,753.50
Miscellaneous	2,407.45
General	15,121.79
Total.....	\$376,164.00

If the above increases had been in effect for the entire

year it is estimated that our payrolls would have increased approximately \$1,250,000.

As a result of the recommendations of the Emergency Board, an agreement was also reached which provided that, effective January 1, 1942, annual vacations of 6 consecutive work days would be granted with pay to non-operating employes, such as shopmen, clerks and station employes, maintenance of way employes, agents, operators and signalmen, etc., who had worked a minimum of 160 days in the previous year, and 12 days to employes represented by the Clerks and Telegraphers' organizations after two and three years of continuous service respectively.

Rate Increases: Following the general wage increases in 1941 the railroads petitioned the Interstate Commerce Commission and state commissions for authority to increase passenger and freight rates 10%, with certain exceptions on iron ore, coal and coke. On the latter commodities specific increases of varying amounts per ton were sought. On January 21, 1942, the Interstate Commerce Commission approved the proposed increase in passenger rates which became effective February 10, 1942.

The Interstate Commerce Commission in a decision dated March 2, 1942, allowed a 6% increase in interstate freight rates generally but only 3% on products of agriculture, animals and products, and certain products of mines. No increases were authorized on iron ore. Upon anthracite and bituminous coal, coke and lignite coal increases of 3c per net ton were authorized when rates were \$1.00 per ton or less and 5c per net ton on rates over \$1.00. On so-called "lake-cargo" bituminous coal moving beyond Lake Michigan or Lake Superior ports by rail, these increases were permitted only in the rates from the western lake ports and no increases allowed in the rates of the eastern lines up to the Lake Erie ports.

All of the increases authorized are limited to a period which will expire six months after termination of the present war.

The increased freight rates became effective March 18, 1942, as to interstate traffic as well as intrastate in Minnesota,

Michigan and South Dakota. The Public Service Commission of Wisconsin has granted increases on most commodities, and on others a further decision will be submitted later. Proceedings as to North Dakota and Montana intrastate rates are still pending.

Based upon the volume of traffic handled during 1941, it is estimated that the annual increase in freight and passenger revenues will be approximately \$835,000.

Wisconsin Central Railway Company: The Wisconsin Central properties are still in receivership and are operated by the Trustees of the Soo Line, with the approval of the Court, as Agents for the Receiver of the Wisconsin Central pursuant to an operating agreement.

Soo Reorganization Proceedings: In last year's annual report the Trustees reported that, after consultations with representatives of certain groups of bondholders owning a large percentage of the debtor company's bonds and the Canadian Pacific Railway Company, a Plan of Reorganization had been completed and filed by the Trustees with the Court and with the Interstate Commerce Commission and that the Plan was joined in by the debtor company. A general outline of the Plan was given.

A public hearing was held before an Examiner for the Interstate Commerce Commission on May 20 and 21, 1941, and briefs were subsequently filed. The Examiner submitted his proposed report to the Commission on August 29th. Oral arguments were heard before Division 4 of the Commission on October 28th and briefs were submitted. A Plan was approved by Division 4 on March 17, 1942. A form of traffic agreement with the Canadian Pacific Railway Company, described in last year's annual report, which the Canadian Pacific agreed to execute on condition that a Plan of Reorganization for the Soo Line substantially the same as that filed by the Trustees be consummated, had been filed previously by the Trustees with the Commission. The form had the approval of the Institutional Groups, the Canadian Pacific, and the Trustees. That agreement is made a part of the Plan by the Commission. The Plan approved by the Commission makes certain modifications in the Plan proposed by the Trustees, including a

reduction in the proposed capitalization and changes in the allocation of the proposed new securities. Neither the Canadian Pacific nor the Groups have as yet advised the Commission as to their attitude toward the modifications. The Plan approved provides for the following capital structure and approximate annual requirements for the new company:

	Effective Date of Plan January 1, 1941	Annual
	Capital Structure	Requirements
Fixed Debt:		
Equipment Obligations.....	\$ 2,663,829	\$ 53,415
Rent for Leased Roads.....	.....	1,437
Contingent Interest Debt:		
First Mortgage Inc. 4½ % Bonds.....	10,000,000*	450,000
Addition and Betterment Fund.....	.....	250,000
General Mortgage Inc. 4% Bonds.....	20,129,076	805,163
Sinking Fund Payments on General Mort- gage 4% Bonds.....	.....	100,645
Capital Stock:		
Common — no par — 719,180 shares.....	62,209,070	.....
	<u>\$95,001,975</u>	<u>\$1,660,660</u>

*Of this issue \$1,948,369 will be held in Treasury to reimburse Company for reorganization expenses and for other corporate purposes. Until issued annual interest charges will be \$87,677 less than amount shown.

The distribution of the new securities for each \$1,000 of bonds would be approximately as follows:

Outstanding Issue	Cash	New First Mortgage Bonds	New General Mortgage Bonds	Voting Trust Certificates for Shares of New Common Stock*
First Cons. Mortgage Bonds:**				
4% and 5% bonds on which in- terest was guaranteed and paid by C.P.R. to 7/1/38.....	\$37.83	\$112.76	\$281.90	8.20
5% bonds on which interest was not guaranteed by C.P.R. and which has not been paid since 7/1/37.....	39.42	117.50	293.75	8.54
Second Mortgage Bonds.....		.....	.....	11.68
First Refunding Mortgage Bonds:***				
Series "A" 6%.....	.....	.....	.....	2.36
Series "B" 5½%.....	.....	.....	.....	1.96

Cash will be provided to pay outstanding coupons on the above bonds which were payable on and prior to July 1, 1937.

*The Canadian Pacific is given the option, if exercised before December 31, 1950, to purchase 25% of the stock represented by the voting trust certificates allotted to holders other than itself upon payment of \$2.00 per share, and an agreement by the Canadian Pacific to extend the traffic agreement to January 1, 1959.

**The exact amount to be received by individual holders of First Cons. bonds will vary slightly because of differences in the amounts of their claims for interest.

***These bonds are also entitled to their distributive shares of \$10,000,000 principal amount of Wisconsin Central first and refunding bonds pledged under the debtor's first refunding mortgage.

The Plan further provides for the following:

Notes Issued to Reconstruction Finance Corporation: The collateral securing these notes, including the First Refunding Mortgage, Series "B" Bonds, is to be surrendered to the noteholders. Any remaining claims on these notes are dealt with as general unsecured claims for which no provision is made.

Notes Issued to Railroad Credit Corporation: In order to secure for the new company the collateral pledged as security for these notes, it is ordered that all collateral securing the notes shall be redeemed and surrendered to the reorganization managers free and clear from any liens of the holders of the notes.

Six Per Cent Secured Notes: The collateral securing these notes, consisting of First Refunding Mortgage, Series "B" Bonds, is to be surrendered to the noteholders. Any remaining claims on these notes are dealt with as general unsecured claims for which no provision is made.

25-Year 5½% Secured Gold Notes: Pledged as collateral for these notes are 56,420 shares of Wisconsin Central Railway Company common stock. The pledged stock will be returned to the noteholders and any remaining claims on these notes will be treated as general unsecured claims for which no provision is made.

Leased Line Stock Certificates: The shares of the Wisconsin Central Railway Company preferred stock held by the Trustee of the Preferred Stock Exchange Agreement are to be delivered to the holders of the leased line stock certificates, and any remaining claim on these certificates is dealt with as a general unsecured claim for which no provision is made.

General Creditors and Stockholders: No provision is made in the Plan for participation by the general creditors and stockholders of the Debtor.

Voting Trust: A voting trust is to be created into which all of the stock of the new company will be placed until December 31, 1950. The voting trustees will be five in number and will be designated as follows: One by the group of Insti-

tutional Investors; one by the Mutual Savings Bank Group; one by the Canadian Pacific as an owner of the debtor's bonds; and two by the Canadian Pacific as a party to the traffic agreement. Should the traffic agreement be terminated prior to the termination of the voting trust, the offices of the voting trustees designated by the Canadian Pacific as a party to the traffic agreement will become vacant immediately upon such termination and will not be refilled; and, therefore, the voting trustees will be three in number.

Deposit Agreements: To facilitate the reorganization while reserving and giving effect to the rights and obligations of Second Mortgage and First Refunding Mortgage, Series "B," bondholders and the Canadian Pacific as guarantor of interest, deposit agreements are provided for in the Plan.

Sixty days from March 17, 1942, are allowed for petitions for modifications of the Plan approved by the Commission. After final decision by the Commission a Plan will be certified to the Court for approval or disapproval. If approved, it will be returned to the Commission by the Court for submission by the Commission to a vote of the security holders entitled to participate. **SECURITY HOLDERS WILL BE NOTIFIED WHEN AND WHERE THEIR SECURITIES SHOULD BE DEPOSITED, AND NO DEPOSITS WILL BE ACCEPTED IN THE MEANTIME.**

On July 1, 1941, the Trustees, in cooperation with the United States Treasury Department to promote the sale of Defense Savings Bonds, inaugurated a plan which enables employes to subscribe and pay for bonds by regular payroll deductions if they so desire. In addition, Defense Savings Stamps are on sale at all of our agency stations for the convenience of the public.

The Trustees acknowledge their appreciation of the loyal and efficient service rendered by the officers and employes.

JAMES L. HETLAND,
Counsel for Trustees.

Minneapolis, Minn.,
April 24, 1942.

G. W. WEBSTER,
JOSEPH CHAPMAN,
Trustees.

In Memoriam

SIR HERBERT S. HOLT

Sir Herbert S. Holt, a director of this Company since 1924, and senior member of the Board of Directors of the Canadian Pacific Railway Company, died on September 28, 1941. Born in Dublin, Ireland, he came to Canada in 1875 where he was prominently identified with various industrial, financial and educational enterprises. Deep regret at his passing is hereby recorded by the directors and officers of this Company.

*To Messrs. G. W. Webster and Joseph Chapman, Trustees,
Minneapolis, St. Paul & Sault Ste. Marie Railway Company,
Minneapolis, Minnesota.*

We have examined the Balance Sheet of the Minneapolis, St. Paul & Sault Ste. Marie Railway Company as of December 31, 1941 and the statements of Income and Profit and Loss for the year ended on that date, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying Balance Sheet and related statements of Income and Profit and Loss, with notes thereon, present fairly the position of the Minneapolis, St. Paul & Sault Ste. Marie Railway Company at December 31, 1941 and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except as to the change in stating the Traffic and Car Service Balances as explained in the notes to the Balance Sheet.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y.,
April 18, 1942.

BALANCE SHEET
As of December 31, 1941

ASSET SIDE

	Trustees' Books	Corporate Books	Total
Property Investment:			
Road.....	\$ 124,740.56	\$ 104,666,400.39	\$ 104,791,140.95
Equipment.....	1,897,752.99	24,397,298.36	26,295,051.35
Less: Reserve for Equipment	\$ 2,022,493.55	\$ 129,063,698.75	\$ 131,086,192.30
Depreciation (See Page 41).....	1,583,379.87	13,967,052.20	15,550,432.07
Total.....	\$ 439,113.68	\$ 115,096,646.55	\$ 115,535,760.23
Sinking Funds:			
First Refunding Mortgage, Series "A".....		\$ 386.68	\$ 386.68
Deposits in Lieu of Mortgaged Property			
Sold:			
Cash.....	\$ 1,328,010.22	\$ 34,045.56	\$ 1,362,055.78
Receiver, W. C. Ry. Equipment Notes, Series "B".....		1,375,000.00	1,375,000.00
Accrued Interest to be Deposited.....	24,062.50		24,062.50
Total.....	\$ 1,352,072.72	\$ 1,409,045.56	\$ 2,761,118.28
Miscellaneous Physical Property	\$Cr. 24,113.04	\$ 546,250.83	\$ 522,137.79
Investments In and Advances To Affiliates:			
Wisconsin Central Railway Co.....		\$ 22,146,520.04	\$ 22,146,520.04
Other Railroad Companies.....	\$ 9,110.18	2,855,507.68	2,864,617.86
Miscellaneous Companies.....	52,050.00	3,601,791.36	3,653,841.36
Total (Per Schedule on Page 29).....	\$ 61,160.18	\$ 28,603,819.08	\$ 28,664,979.26
Other Investments:			
(Per Schedule on Page 29).....	\$ 10,639.35	\$ 819.58	\$ 11,458.93
Total Investments.....	\$ 1,838,872.89	\$ 145,656,968.28	\$ 147,495,841.17
Current Assets:			
Cash.....	\$ 5,672,711.99		\$ 5,672,711.99
Cash in Transit.....	103,066.72		103,066.72
Special Deposits:			
Employees' Income Tax.....	81,410.45		81,410.45
Other Special Deposits.....	7,412.68	\$ 17,274.64	24,637.32
Loans and Bills Receivable.....	521.21		521.21
Traffic and Car-Service Balances.....	123,901.70	Cr. 47,457.13	76,444.57
Agents and Conductors Balances.....	345,548.33		345,548.33
Miscellaneous Accounts Receivable.....	539,660.17	4,442.11	544,102.28
Material and Supplies.....	2,574,360.75		2,574,360.75
Interest and Dividends Receivable.....	442.60		442.60
Other Current Assets.....	15,032.98		15,032.98
Total.....	\$ 9,164,069.58	\$Cr. 25,740.38	\$ 9,438,329.20
Deferred Assets:			
Working Fund Advances.....	\$ 11,784.63		\$ 11,784.63
Receiver of Wisconsin Central Ry. Co.....	43,288.09		43,288.09
Other Deferred Assets.....	24,621.32	\$ 89,588.61	114,209.93
Total.....	\$ 79,694.04	\$ 89,588.61	\$ 169,282.65
Unadjusted Debits:			
Rents and Insurance paid in advance.....	\$ 30,362.70		\$ 30,362.70
Other Unadjusted Debits.....	582,164.94	\$ 14,601.87	596,766.81
Equipment not Received.....	166,262.50		166,262.50
Total.....	\$ 778,790.14	\$ 14,601.87	\$ 793,392.01
GRAND TOTAL.	\$ 12,161,426.65	\$ 145,735,418.38	\$ 157,896,845.03

See Pages 25, 26, 27 and 28 for Notes to Balance Sheet and Contingent and Joint Liabilities.

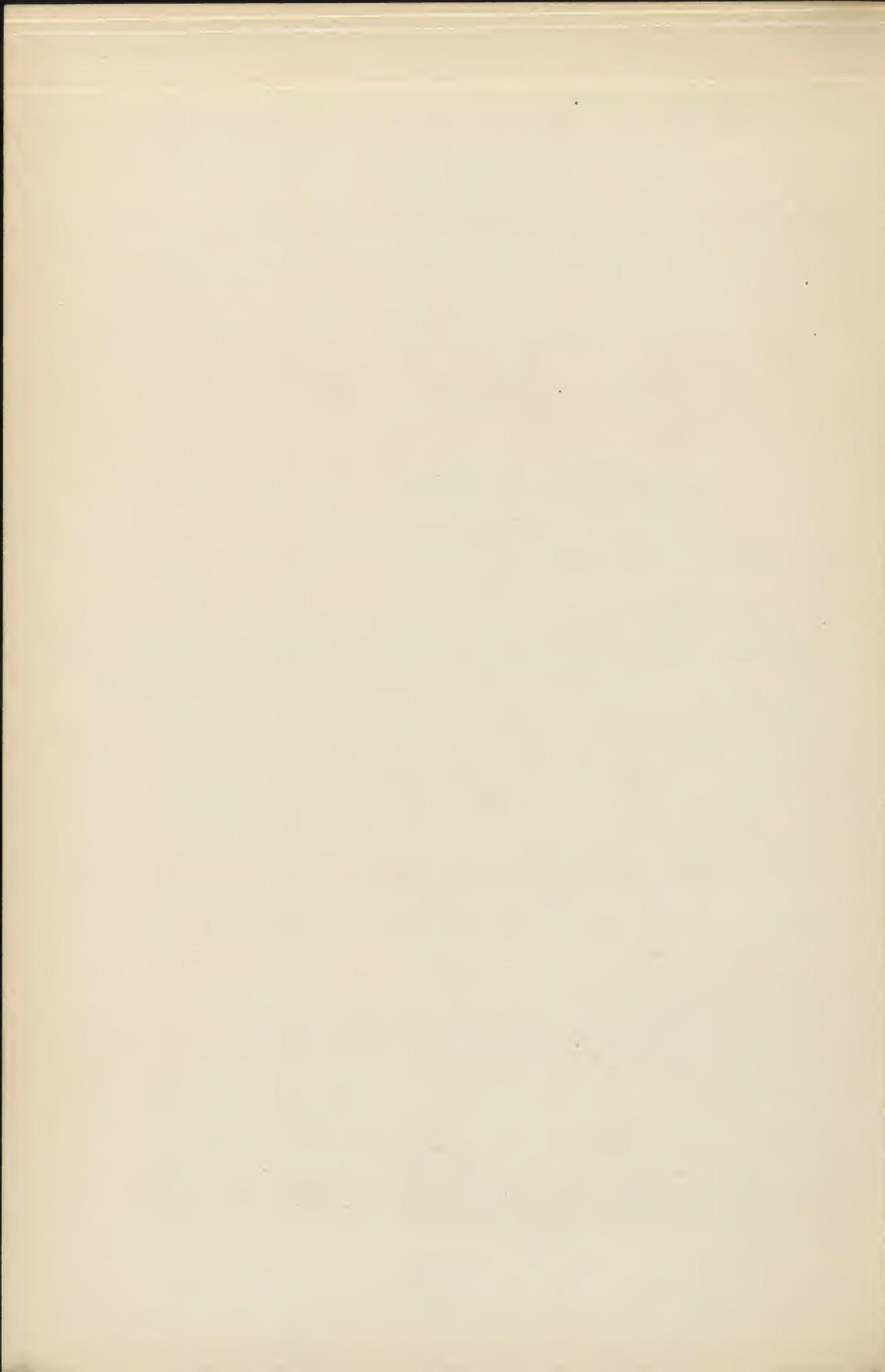
BALANCE SHEET
As of December 31, 1941

LIABILITY SIDE

	Trustees' Books	Corporate Books	Total
Capital Stock:			
Common.....	\$ 25,206,800.00	\$ *25,206,800.00	
Preferred.....	12,603,400.00	*12,603,400.00	
Total.....	\$ 37,810,200.00	\$ *37,810,200.00	
Governmental Grants:			
Grants in Aid of Construction.....	\$ 78,817.76	\$ 533,836.24	\$ 612,654.00
Bonds, Notes, Etc., and Interest Thereon:			
First Consolidated Mortgage.....	\$ 84,615,230.00	\$ 84,615,230.00	
Second Mortgage.....	4,133,760.00	4,133,760.00	
First Refunding Mortgage.....	17,808,267.50	17,808,267.50	
Reconstruction Finance Corp. Notes.....	7,214,866.86	7,214,866.86	
Railroad Credit Corporation Notes.....	559,318.92	559,318.92	
Two Year Secured Notes.....	6,299,908.26	6,299,908.26	
Twenty-five Year Secured Gold Notes.....	3,028,868.38	3,028,868.38	
Interest Guaranteed on W. C. Ry. Co. Bonds.....	1,009,640.00	* 1,009,640.00	
Canadian Pacific Ry. Co. Advances (Includes \$33,916,207.67 payable in Canadian Funds, stated at par).....	34,256,443.52	*34,256,443.52	
Western Express Co. Advance.....	10,000.00	*	10,000.00
Total (Per Schedule on Page 30).....	\$ 158,936,303.44	\$ 158,936,303.44	
Equipment Obligations and Interest:			
Pullman, Equipment Purchase Contracts.....	\$ 2,883,037.30	\$ 2,883,037.30	
Electro-Motive Corp., Equipment Purchase Contract.....	151,061.98	151,061.98	
Total (Per Schedule on Page 30).....	\$ 3,034,099.28	\$ 3,034,099.28	
Current Liabilities:			
Audited Accounts and Wages Payable.....	\$ 2,279,634.65	\$ 50.48	\$ 2,279,685.13
Miscellaneous Accounts Payable.....	76,068.96	206.75	76,275.71
Unmatured Rents Accrued.....	4,887.27		4,887.27
Receiver of Wisconsin Central Ry. Co. Provision for Taxes.....	395,745.04	Dr. 39,412.79	356,332.25
Other Current Liabilities.....	858,743.51		858,743.51
	146,510.44	3,723.12	150,233.56
Total.....	\$ 3,761,589.87	Dr. 35,432.44	\$ 3,726,157.43
Deferred Liabilities:			
Other Deferred Liabilities.....	\$ 175,113.62	\$ 12,492.04	\$ 187,605.66
Unadjusted Credits:			
Accounts between Corporation and Trustees—Net.....	\$ Dr. 48,364.43	\$ 48,364.43	
Other Unadjusted Credits.....	404,123.03	45,079.90	\$ 449,202.93
Total.....	\$ 355,758.60	\$ 93,444.33	\$ 449,202.93
Surplus or Deficit (See Page 32).....	\$ Cr. 4,756,047.52	Dr. 51,615,425.23	Dr 46,859,377.71
GRAND TOTAL.....	\$ 12,161,426.65	\$ 145,735,418.38	\$ 157,896,845.03

See Pages 25, 26, 27 and 28, for Notes to Balance Sheet and Contingent and Joint Liabilities.

*These liabilities are not accorded any participation in the proposed plan of reorganization. For further information regarding treatment afforded creditors in the proposed plan of reorganization refer to pages 16, 17, 18 and 19.



NOTES TO BALANCE SHEET AS OF DECEMBER 31, 1941**General**

The accounts of the Company are maintained in accordance with the regulations prescribed by the Interstate Commerce Commission. It has been the practice of the Company to follow closely the I.C.C. form in presenting the balance sheet, but in the accompanying statement the assets and liabilities have been grouped to meet the changed conditions, including the reorganization proceedings.

The following items on the books of the Company have been excluded from the accompanying balance sheet; namely: Wisconsin Central Railway Company Preferred Stock carried as an asset in the amount of \$10,402,500.00, and Minneapolis, St. Paul & Sault Ste. Marie Railway Company (Soo Line) 4% Leased Line Certificates carried as a liability in the amount of \$10,402,500.00 and also accruals for semi-annual installments on the Leased Line Certificates carried as a liability in the amount of \$4,102,580.13, liability being denied for the reasons set forth under Contingent and Joint Liabilities; Canadian Exchange on Canadian Pacific Railway Company Advances, carried as an asset in the amount of \$709,230.65 under Other Unadjusted Debits, was written off to Profit and Loss in 1938 as having no value in view of reorganization proceedings, but reinstated in the accounts during the year 1940 on instructions of the Interstate Commerce Commission.

The investments of the Company in Road, Equipment and Securities, together with advances to affiliates, are stated in the balance sheet at the values at which they are carried on the books (at or below cost); no provision has been made as of December 31, 1941, for any reduction of the book values which may result from the reorganization of the Soo Line or any of its affiliates, as such final values cannot be determined at this time. The Soo Line in 1941 charged off \$1,956,914.85 advances to the Central Terminal Railway Company as uncollectible, and concurrently a corresponding entry was made on the books of the Central Terminal Railway Company. The remaining advances by the Company to the Central Terminal Railway are specifically subordinated to the rights of holders of outstanding Central Terminal First Mortgage Bonds and to the rights of the holders of the notes issued to Reconstruction Finance Corporation which are secured in part by Central Terminal Railway Capital Stock.

Substantially all of the assets of the Company are subject to the liens of one or more of the Company's outstanding mortgages, trust agreements, or the agreements securing the notes issued to the Reconstruction Finance Corporation and The Railroad Credit Corporation; and no attempt has been made to indicate specific lien rights in the accompanying statement.

The Company's equity in the equipment under the Equipment Purchase Contracts is contingent upon payments as follows:

	Date of Maturity	Installments Including Interest		Unpaid Balance	Depreciated or Amortized Book Value
		Due	Amount		
Electro-Motive Corp.—					
3 Diesel Sw. Locomotives . . .	9- 5-45	Monthly	\$3,507.47	\$ 151,061.98	\$ 207,206.60
Pullman, Incorporated—					
1,094 Freight Cars	10- 1-44	Quarterly	43,343.75	463,095.84	1,904,616.23
Pullman Std. Car Mfg.—					
250 Freight Cars	1-10-48	Monthly	7,604.17	518,240.64	563,276.25
Pullman Std. Car Mfg.—					
500 Freight Cars	6- 1-48	Quarterly	45,625.00	1,102,140.54	1,163,191.12
Pullman Std. Car Mfg.—					
100 Freight Cars	12- 1-47	Monthly	3,041.67	206,054.47	240,314.79
Pullman Std. Car Mfg.—					
250 Freight Cars	12- 1-48	Monthly	7,604.17	593,505.81	743,187.78
Total.....				\$3,034,099.28	\$4,821,792.77

The book value of the equipment pledged under contract maturing December 1, 1948, includes \$166,262.50 for cost of 50 cars not received until 1942, carried on the Balance Sheet under "Unadjusted Debits."

Traffic and Car Service Balances Payable have been applied against Traffic and Car Services Balances Receivable in accordance with a ruling of the Interstate Commerce Commission effective January 1, 1941 and the net amount receivable is stated in the Balance Sheet.

Material and Supplies are stated on the basis of physical inventories taken as of September 30, 1941, under the direction of officers for the Trustees and adjusted for transactions to December 31, 1941. The basis of valuation is cost.

CONTINGENT AND JOINT LIABILITIES

On October 1, 1941, The Saint Paul Union Depot Company called for redemption the \$14,737,000 principal amount outstanding of its First and Refunding Mortgage 5% Bonds, Series "A," due January 1, 1972. The redemption date was January 1, 1942. Those Series "A" Bonds were guaranteed jointly and severally by the owner railroads, including the Soo Line. The funds for the redemption were obtained by selling The Saint Paul Union Depot Company First and Refunding Mortgage 3½%, Series "B," due October 1, 1971, in the principal amount of \$14,737,000, and Guaranteed Notes in the amount of \$900,000, together with the sale of certain securities and the use of cash in the Depot Company's treasury. These Series "B" Bonds and the Guaranteed Notes are guaranteed jointly and severally by endorsement by the Soo Line and seven other owner railroads. The Guaranteed Notes are six in number, for \$150,000 each, bear interest at 1%, and mature in six equal semi-annual installments commencing April 1, 1942. As of December 31, 1941, there were \$1,708,000 First and Refunding Mortgage 5% Bonds, Series "A," still outstanding because not presented for payment and funds for the pay-

ment of the principal and interest on those Series "A" Bonds were on deposit with the Trustee of the Mortgage.

Description	Rate	Date of Maturity
Minneapolis, St. Paul & Sault Ste. Marie Railway Company Leased Line Certificates.....	4%	4-1-2008
There are outstanding Minneapolis, St. Paul & Sault Ste. Marie Railway Company (Soo Line) Leased Line Certificates for 104,025 shares of Wisconsin Central Railway Company Preferred Stock deposited by the owners with the Agents, Bank of Montreal, as Trustee. These Certificates were issued pursuant to a "Preferred Stock Exchange Agreement" dated April 1, 1909, which provides for the payment by the Soo Line of \$4.00 per share per annum, in semi-annual installments, until and including April 1, 2008; and that the Soo Line shall have the right to vote such stock and enjoy all the rights and benefits of a holder thereof, until the year 2008, so long as it made such semi-annual payments. The Certificates provide that, upon sixty days default in any such payments, the owners of these Certificates have the right to an immediate transfer to them of the Wisconsin Central Preferred Stock for which they were issued. The holders of Certificates for 8,539 shares of Preferred Stock have had the stock transferred to them and such Certificates are endorsed with the legend "Cancelled, but without prejudice to any right of action for the enforcement of the provisions hereof and of said agreement."		

Pursuant to a ruling rendered in 1913 by the Chief Examiner of Accounts of the Interstate Commerce Commission, the Company has carried on its books as an asset the Wisconsin Central Preferred Stock deposited in exchange for the Certificates and as a liability the Leased Line Certificates issued in exchange for such stock. The Leased Line Certificates did not obligate the Soo Line to the payment of any principal amount, but merely to make the semi-annual payments of \$2.00 per share. The Soo Line contends that the intent of the Preferred Stock Exchange Agreement and the Leased Line Certificates was that the Company should make payments thereon only while holding the Wisconsin Central property under the lease of April 1, 1909; that inasmuch as this lease was terminated upon the Company's surrender of the Wisconsin Central properties to the Receiver of those properties appointed by the Federal Court on December 2, 1932, the Company was thus relieved from the obligation of making any subsequent payments on the Leased Line Certificates. If the Company's contention is not sustained, the holders of the Certificates may have a claim against the Company. No provision is made in the Plan of Reorganization approved by Division 4 of the Interstate Commerce Commission March 17, 1942, for claims arising from the issue of Leased Line Certificates, other than the return of Wisconsin Central Preferred Stock.

Wisconsin Central Railway Company:

First and Refunding Mortgage Bonds.....	4%	4-1-59
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Interest is guaranteed by the Soo Line on \$5,816,000 principal amount outstanding in the hands of the public. Interest was paid by the Soo Line pursuant to this guarantee from April 1, 1933, to October 1, 1937,

inclusive. Interest accruing thereafter from October 1, 1937, to December 31, 1941, including unpresented coupons amounts to \$1,009,640.00. Claims have been filed in the Reorganization Proceedings by certain holders of these bonds, but the amount and validity of such claims has not been determined.

Description	Rate	Date of Maturity
Wisconsin Central Railway Company:		
First and Refunding Mortgage Bonds.....	5%	4-1-59
Interest is joint and several liability of the Wisconsin Central and Soo Line on \$10,051,000 principal amount issued. Of this amount \$10,000,000 principal amount is owned by the Soo Line and deposited as collateral under its First Refunding Mortgage. The balance (\$51,000.00 principal amount) is held in the Wisconsin Central treasury.		

Claim of Wisconsin Central Railway Company.

As indicated in previous annual reports, a claim arising out of the operation of the Wisconsin Central property under the lease of April 1, 1909, was filed in the reorganization proceedings by the Receiver of that property. The claim consisted of several items aggregating \$16,307,581.24, plus interest. After amendment, the claim was asserted as a general claim except as to two items aggregating \$1,042,976.36. As to those two items, which included an advance of \$500,000 by the Wisconsin Central to the Soo Line in October, 1917, the Receiver asserted that he had rights superior to the rights of the Soo Line's secured creditors. After hearing on these two items of the Receiver's claim, the Court by decree dated February 27, 1941, held that there was no liability as to one of said items and that the above advance constituted only a general claim subject to offset by claims of the Soo Line against the Wisconsin Central. The Receiver appealed and on October 16, 1941, the lower Court's decree was affirmed by the Circuit Court of Appeals. No further appeal is possible. The plan of reorganization for the Soo Line, approved by the Interstate Commerce Commission on March 17, 1942, which has not yet been approved by the Court, finds that the assets of the Soo Line are insufficient to justify participation by general creditors and that such claims have no value.

Central Terminal Railway Company:

First Mortgage Bonds.....	4%	11-1-53
The Soo Line and the Central Terminal Railway Company were joint and several makers of these bonds, of which there are now \$1,003,000 principal amount outstanding in the hands of the public. While originally due November 1, 1941, the maturity date has been extended to November 1, 1953, by agreement between the Central Terminal Railway and the bondholders. Interest and sinking fund requirements have been paid as they matured by the Central Terminal Railway Company.		

Claims Filed in Reorganization Proceedings.

A contingent liability exists in respect to numerous claims, which have been filed in reorganization proceedings, but the extent of such liability cannot be determined until the amount and validity of each claim has been determined by the Court.

INVESTMENTS IN AND ADVANCES TO AFFILIATES

DESCRIPTION	STOCKS		BONDS AND NOTES		Advances Book Value	Total Book Value
	Par Value	Book Value	Par Value	Book Value		
WISCONSIN CENTRAL RAILWAY COMPANY						
Common Stock (Deposited as collateral security for M. St. P. & S. S. M. Ry. Co.'s 25 Year Gold Notes)	\$ 5,642,000.00	\$ 2,439,641.34				\$ 2,439,641.34
Common Stock—Held by Company	10,358,500.00	4,629,541.13	\$ 10,000,000.00	\$ 8,000,000.00		4,629,541.13
First & Refunding Mortgage 5% Bonds (Deposited as collateral security for M. St. P. & S. S. M. Ry. Co.'s First Refunding Mortgage)					\$ 7,077,337.57	\$ 7,077,337.57
Advances Prior to Receivership (Includes \$492,570.87 for W. C. Ry. Co. proportion of loans from Railroad Credit Corporation)						
Total—Wisconsin Central Railway Company.....	\$ 16,000,500.00	\$ 7,069,182.47	\$ 10,000,000.00	\$ 8,000,000.00	\$ 7,077,337.57	\$ 22,146,520.04
OTHER RAILROAD COMPANIES						
Central Terminal Railway Company.....	\$ 2,000,000.00	\$* 2,000,000.00			\$ 352,508.00	\$ 2,352,508.00
Belt Railway Company of Chicago.....	240,000.00	** 240,000.00				240,000.00
Minnesota Transfer Railway Company.....	91,300.00	91,300.00			12,222.23	103,522.23
Saint Paul Union Depot Company.....	103,600.00	103,600.00				103,600.00
Sainte Marie Union Depot Company.....	37,500.00	** 37,500.00			27,487.63	64,987.63
Total—Other Railroad Companies.....	\$ 2,472,400.00	\$ 2,472,400.00			\$ 392,217.86	\$ 2,864,617.86
MISCELLANEOUS COMPANIES						
Western Express Company.....	\$ 50,000.00	\$** 50,000.00			\$ 433,629.75	\$ 50,000.00
Tri-State Land Company.....	2,500,000.00	** 2,500,000.00				2,933,629.75
New Jersey Bridge Construction Company.....	2,500,000	** 250,000				250,00
Sault Ste. Marie Bridge Company.....	250,00	250,00				257.22
No. Par. ***	250,00	250,00				507.22
10,000.00	*	500,500.00	\$ 12,771.41	\$* 12,771.41	107,026.80	107,626.80
The Railroad Credit Corporation.....						
Total—Miscellaneous Companies.....	\$ 2,562,750.00	\$ 3,051,600.00	\$ 12,771.41	\$ 12,771.41	\$ 589,469.95	\$ 3,653,841.36

OTHER INVESTMENTS

DESCRIPTION	STOCKS		BONDS AND NOTES		Miscellaneous Book Value	Total Book Value
	Par Value	Book Value	Par Value	Book Value		
Clarkson Coal Mining Company Note.						
Miscellaneous.....			\$ 182,014.56	\$ 819.58	\$ 10,639.35	\$ 819.58
Total—Other Investments.....			\$ 182,014.56	\$ 819.58	\$ 10,639.35	\$ 11,458.93

*Deposited as collateral security for Notes issued to R. F. C. \$6,162,245.50 principal outstanding.

**Deposited as collateral security for Notes issued to R. R. C. \$558,767.81 principal outstanding.

BONDS, NOTES, ETC., AND INTEREST THEREON

DESCRIPTION	Rate	Date of Maturity	PRINCIPAL			Interest (See Note 1)	Total
			Outstanding	Held by Company	In Hands of Public		
First Consolidated Mortgage (See Notes 1 & 2).....	4 5/8%	7-1-38	\$ 56,863,000.00	.....	\$ 56,863,000.00	\$*10,249,330.00	\$ 67,112,330.00
First Consolidated Mortgage (See Notes 1 & 2).....	5 5/8%	7-1-38	8,136,000.00	.....	8,136,000.00	* 1,834,150.00	9,970,150.00
First Consolidated Mortgage (See Notes 1 & 2).....	6,148,000.00	.....	6,148,000.00	.....	6,148,000.00	1,334,750.00	7,532,750.00
Total.....	.....	.....	\$ 71,147,000.00	.....	\$ 71,147,000.00	\$ 13,468,230.00	\$ 84,615,230.00
Second Mortgage (See Note 2).....	4 5/8%	1-1-49	\$ 3,500,000.00	.....	\$ 3,500,000.00	.....	**633,760.00
First Refunding Mortgage, Series "A".....	6 5/8%	7-1-46	\$ 2,124,000.00	.....	\$ 2,124,000.00	.....	4,133,760.00
First Refunding Mortgage, Series "B" (See Notes 2 & 4).....	5 5/8%	7-1-78	\$ 24,006,000.00	\$ 12,500,000.00	\$ 12,106,000.00	\$ 2,998,150.00	\$ 2,703,750.00
Total.....	.....	.....	\$ 26,730,000.00	\$ 12,500,000.00	\$ 14,230,000.00	\$ 3,598,267.50	\$ 17,808,267.50
Reconstruction Finance Corporation Note (See Notes 3 & 4).....	4 5/8%	2-27-37	\$ 1,162,245.50	.....	\$ 1,162,245.50	\$ 196,045.53	\$ 1,358,291.03
Reconstruction Finance Corporation Note (See Notes 3 & 4).....	4 5/8%	2-1-38	5,000,000.00	.....	5,000,000.00	\$ 856,575.83	\$ 5,856,575.83
Total.....	.....	.....	\$ 6,162,245.50	.....	\$ 6,162,245.50	\$ 1,052,621.36	\$ 7,214,866.86
Railroad Credit Corporation Note.....	4 5/8%	2-27-36	\$ 155,270.85	.....	\$ 155,270.85	\$ 153,14	\$ 155,423.99
Railroad Credit Corporation Note.....	4 5/8%	4-23-36	180,000.00	.....	180,000.00	177,53	180,177.53
Total.....	.....	.....	\$ 223,496.96	.....	\$ 223,496.96	220,44	223,717.40
Two Year Secured Notes (See Note 4).....	6 5/8%	2-1-38	\$ 5,558,767.81	.....	\$ 5,558,767.81	\$ 551,11	\$ 559,318.92
Twenty-five Year Secured Gold Notes.....	6 5/8%	3-1-49	\$ 5,000,000.00	.....	\$ 5,000,000.00	\$ 1,209,908.26	\$ 6,209,908.26
Interest guaranteed on W. C. Ry. Co. Bonds.....	4 5/8%	4-1-59	\$ 2,440,165.00	.....	\$ 2,440,165.00	\$ 308,068.38	\$ 2,748,233.38
Canadian Pacific Ry. Co. Advances.....	4 1/2% & 6%	None	\$ 25,044,406.09	.....	\$ 25,044,406.09	\$ 1,009,640.00	\$ 1,009,640.00
(Includes \$33,916,207.67 payable in Canadian Funds stated at par).....	.....	.....	.....	.....	.....	.....	.....
Western Express Co. Advance.....	None	None	\$ 10,000.00	.....	\$ 10,000.00	.....	.....
Total—Bonds, Notes, Etc. & Interest Thereon.	.....	.....	\$140,592,384.40	\$ 12,501,365.00	\$128,691,219.40	\$ 30,845,084.04	\$15,936,303.44

EQUIPMENT OBLIGATIONS AND INTEREST

DESCRIPTION	Rate	Date of Maturity	PRINCIPAL			Interest	Total
			Outstanding	Held by Company	In Hands of Public		
EQUIPMENT CONTRACTS							
Electro-Motive Corp.....	2 1/2%	9-5-45	\$ 150,810,63	.....	\$ 150,810,63	\$ 251,35	\$ 151,061,98
Pullman, Incorporated.....	2 1/2%	10-1-44	\$ 459,352,06	.....	\$ 459,352,06	3,743,78	463,095.84
Pullman Standard Car Manufacturing Co.....	2 1/2%	1-10-48	\$ 517,628,39	.....	\$ 517,628,39	6,112,53	518,240.64
Pullman Standard Car Manufacturing Co.....	2 1/2%	6-1-48	\$ 1,100,245,67	.....	\$ 1,100,245,67	1,102,140.54	1,102,140.54
Pullman Standard Car Manufacturing Co.....	2 1/2%	12-1-47	\$ 205,711.62	.....	\$ 205,711.62	342,85	206,054.47
Pullman Standard Car Manufacturing Co.....	2 1/2%	12-1-48	\$ 393,505.81	.....	\$ 393,505.81	.....	593,505.81
Total.....	.....	.....	\$ 3,027,254.18	.....	.....	6,845,10	\$ 3,034,099.28

Note 1—While interest since maturity has been accrued on the books at the rate of 4 5/8% per annum on \$66,863,000 par value, and at the rate of 5% on the remaining \$14,284,000, the mortgage rate of 5% has been used in the treatment accorded all of these bonds in the Proposed Plan.

Note 2—Provision has been made by the Canadian Pacific Ry. Co. under its guarantee for interest paid to July 1, 1938 included by an asterisk (*) and for interest up to January 1, 1942 included in the amounts indicated by a double asterisk (**).

Note 3—Although the Reconstruction Finance Corporation accepted 4% interest while it held these Notes, the contract rate of 5% has been used in treatment accorded the Notes in the Proposed Plan.

Note 4—Of the \$12,500,000 principal amount shown as "Held by Company", \$6,250,000 is deposited as collateral security for the Two Year Secured Notes, and \$6,250,000 is deposited as collateral security for the notes issued to the R. F. C. In the proposed Plan the collateral has been substituted for the notes.

INCOME ACCOUNT, YEAR ENDED DECEMBER 31, 1941

	Trustees' Books	Corporate Books	Total
OPERATING INCOME			
Railway Operating Income			
Railway Operating Revenues.....	\$ 19,618,885.21	\$ 113,025.92	\$ 19,731,911.13
Railway Operating Expenses.....	15,493,758.78	6,272.60	15,500,031.38
Net Revenue from Railway Operations	\$ 4,125,126.43	\$ 106,753.32	\$ 4,231,879.75
Railway Tax Accruals*	1,463,859.93	857.19	1,464,717.12
Railway Operating Income.....	\$ 2,661,266.50	\$ 105,896.13	\$ 2,767,162.63
Rent Income			
Rent from Locomotives.....	\$ 5,774.92		\$ 5,774.92
Rent from Passenger-Train Cars.....	65,296.17		65,296.17
Rent from Work Equipment.....	7,615.53	\$Dr. 1.93	7,613.60
Joint Facility Rent Income.....	227,004.55		227,004.55
Total Rent Income.....	\$ 305,691.17	\$Dr. 1.93	\$ 305,689.24
Rents Payable			
Hire of Freight Cars—Debit Balance.....	\$ 110,017.30	\$ 18.65	\$ 110,035.95
Rent for Locomotives.....	30,599.21		30,599.21
Rent for Passenger-Train Cars.....	96,702.02		96,702.62
Rent for Work Equipment.....	1,637.13		1,637.13
Joint Facility Rents.....	519,968.03	339.68	520,307.71
Total Rents Payable.....	\$ 758,924.29	\$ 358.33	\$ 759,282.62
Net Rents Payable.....	\$ 453,233.12	\$ 360.26	\$ 453,593.38
Net Railway Operating Income.....	\$ 2,208,033.38	\$ 105,535.87	\$ 2,313,569.25
OTHER INCOME			
Income from Lease of Road & Equipt.....	\$ 145.60		\$ 145.60
Miscellaneous Rent Income.....	54,159.90	\$ 142.00	54,301.90
Miscellaneous Non-operating Physical Property.....	Dr. 4,651.53		Dr. 4,651.53
Dividend Income.....	40,144.00		40,144.00
Income from Funded Securities.....	5,557.50		5,557.50
Income from Unfunded Securities & Accts.....	256.25		256.25
Income from W. C. Ry. Equipt. Notes (Deposited with Mortgage Trustees).....	50,312.50		50,312.50
Miscellaneous Income.....	1,298.45		1,298.45
Total Other Income.....	\$ 147,222.67	\$ 142.00	\$ 147,364.67
Total Income.....	\$ 2,355,256.05	\$ 105,677.87	\$ 2,460,933.92
MISCELLANEOUS INCOME DEDUCTIONS			
Miscellaneous Rents.....	\$ 506.15		\$ 506.15
Miscellaneous Tax Accruals.....	1,384.25		1,384.25
Miscellaneous Income Charges.....	14,866.78		14,866.78
Total Miscellaneous Deductions.....	\$ 16,757.18		\$ 16,757.18
Income before Fixed Charges.....	\$ 2,338,498.87	\$ 105,677.87	\$ 2,444,176.74
FIXED CHARGES (being paid by Trustees)			
Rent for Leased Ronds & Equipt.....	\$ 1,439.88		\$ 1,439.88
Interest on Equipment Obligations.....	53,598.11		53,598.11
Interest on Miscellaneous Accounts.....	398.48	\$ 9.66	408.14
Total.....	\$ 55,436.47	\$ 9.66	\$ 55,446.13
Balance.....	\$ 2,283,062.40	\$ 105,668.21	\$ 2,388,730.61
OTHER FIXED CHARGES			
Interest on Mortgage Bonds Unmatured.....	\$ 1,067,404.00	\$ 1,067,404.00	
Interest on Bonds & Unf. Debt Matured.....	3,558,057.72	3,558,057.72	
Interest on Non-negotiable Debt.....	1,274,525.00	1,274,525.00	
Installments on Leased Line Certificates.....	** 418,740.22	** 418,740.22	
Guaranteed Interest on W. C. Ry. Co. Bonds.....	232,640.00	232,640.00	
Total.....	\$ 6,551,366.94	\$ 6,551,366.94	
Net Income or Deficit Transferred to P. & L.....	\$Cr. 2,283,062.40	\$Dr. 6,445,698.73	\$Dr 4,162,636.33

*Note—As the income tax returns filed by the company showed no taxable income for the year, no provision has been made for income taxes.

**Liability for these payments is denied.

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PROFIT AND LOSS ACCOUNT TO DECEMBER 31, 1941

	Trustees' Books	Corporate Books	Total
Deficit December 31, 1940 per Books.....	\$Cr. 2,539,183.67	\$Dr. 46,593,099.51	\$Dr. 44,053,915.84
Net Income or Deficit for year ended December 31, 1941.....	\$Cr. 2,283,062.40	\$Dr. 6,445,698.73	\$Dr. 4,162,636.33
Profit and Loss additions for the year 1941:			
Credits from Retired Road & Equipment.....	\$ 490.67		\$ 490.67
Donations.....	2,175.98	\$ 3,590.61	\$ 5,766.59
Delayed Income Debits.....		2,909.69	2,909.69
Miscellaneous Credits.....	13,948.08	111,157.07	125,105.15
Total Additions.....	\$ 16,614.73	\$ 117,657.37	\$ 134,272.10
Profit and Loss deductions for the year, 1941:			
Surplus Appropriated for Investment in Physical Property.....	\$ 2,175.98	\$ 3,590.61	\$ 5,766.59
Debits from Retired Road & Equipment.....	63,385.28	15,090.82	78,476.10
Miscellaneous Debits.....	8,101.62	5,578.76	13,680.38
Cent. Term'l Ry. Co. Advances.....		1,956,914.85	1,956,914.85
Total Deductions.....	\$ 73,662.88	\$ 1,981,175.04	\$ 2,054,837.92
Net Profit and Loss Deductions....	\$Dr. 57,048.15	\$Dr. 1,863,517.67	\$Dr. 1,920,565.82
Net Profit or Loss for year 1941.....	\$Cr. 2,226,014.25	\$Dr. 8,309,216.40	\$Dr. 6,083,202.15
Balance December 31, 1941.....	\$Cr. 4,765,197.92	\$Dr. 54,902,315.91	\$Dr. 50,137,117.99
Additions to Property through Income and Surplus during 1941.....	Dr. 9,150.40	Dr. 106,458.80	Dr. 115,609.20
Surplus or Deficit December 31, 1941, per Books.....	\$Cr. 4,756,047.52	\$Dr. 55,008,774.71	\$Dr. 50,262,727.19
Excluded from Accompanying Balance Sheet:			
Canadian Exchange on Canadian Pacific Railway Co. Advances.....		Dr. 709,230.65	Dr. 709,230.65
Accruals for semi-annual installments on Leased Line Certificates.....		Cr. 4,102,580.13	Cr. 4,102,580.13
Surplus or Deficit December 31, 1941, per Balance Sheet.....	\$Cr. 4,756,047.52	\$Dr. 51,615,425.23	\$Dr. 46,859,377.71

OPERATING REVENUE
YEAR ENDED DECEMBER 31, 1941

Revenue from Transportation

Freight Revenue.....	\$ 17,663,263.42
Passenger Revenue.....	657,089.57
Excess Baggage Revenue.....	1,479.06
Sleeping Car Revenue.....	36,101.07
Parlor and Chair Car Revenue.....	88.00
Mail Revenue.....	625,416.44
Express Revenue.....	137,930.91
Other Passenger Train Revenue.....	12,632.77
Milk Revenue on Passenger Trains.....	108,673.47
Switching Revenue.....	88,145.47
Total Revenue from Transportation.....	\$ 19,330,820.18

Incidental Operating Revenue

Dining and Buffet Car Service.....	\$ 46,417.60
Station, Train and Boat Privileges.....	1,396.16
Parcel Room Receipts.....	17.14
Storage, Freight.....	2,845.48
Storage, Baggage.....	29.59
Demurrage.....	30,854.04
Telegraph and Telephone Service.....	42,684.00
Rents of Buildings and Other Property.....	21,072.99
Miscellaneous.....	144,322.61

Total Incidental Operating Revenue.....	\$ 289,639.61
Joint Facilities Revenue Net Credit.....	111,451.34

Total Operating Revenue.....	\$ 19,731,911.13
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Detailed Statement of Earnings and Expenses

EARNINGS	1941	1940
Freight.....	\$ 17,663,263.42	\$ 15,208,572.86
Passenger.....	657,089.57	652,227.80
Mail.....	625,416.44	619,170.35
Express.....	137,930.91	124,180.93
Miscellaneous.....	247,119.84	222,332.23
Incidental.....	401,090.95	311,094.33
Total Operating Revenue.....	\$ 19,731,911.13	\$ 17,137,578.50

OPERATING EXPENSES

Maintenance of Way and Structures:	1941	1940
Superintendence.....	\$ 174,123.04	\$ 165,464.47
Roadway Maintenance.....	337,842.35	269,808.24
Tunnels and Subways.....	483.06	51.79
Bridges, Trestles and Culverts.....	130,868.10	132,605.02
Ties.....	438,933.10	432,957.80
Rails.....	164,657.03	190,750.57
Other Track Material.....	236,475.00	218,787.73
Ballast.....	91,199.72	48,589.34
Track Laying and Surfacing.....	910,552.54	766,500.75
Fences, Snowsheds and Signs.....	56,381.50	32,331.66
Station and Office Buildings.....	163,741.36	133,771.74
Roadway Buildings.....	4,201.25	4,425.85
Water Stations.....	58,044.88	77,194.52
Fuel Stations.....	15,846.56	11,195.90
Shops and Enginehouses.....	250,044.69	95,134.75
Wharves and Docks.....	10.22	70.52
Telegraph and Telephone Lines.....	56,544.48	39,535.20
Signals and Interlockers.....	28,649.14	20,554.77
Power Plants.....	5,321.60	1,339.89
Power Transmission Systems.....	486.85	2,366.70
Miscellaneous Structures.....	216.57	
Roadway Machines.....	75,663.35	62,046.95
Small Tools and Supplies.....	41,582.43	32,723.67
Removing Snow, Ice and Sand.....	104,066.18	84,167.95
Public Improvements, Maintenance.....	28,916.99	30,164.88
Injuries to Persons.....	22,710.56	16,823.53
Insurance.....	5,085.57	4,868.52
Stationery and Printing.....	2,862.58	2,370.56
Other Expenses.....	1,321.35	949.20
Maintaining Jt. Tracks, Yards and other Facilities—Dr.	84,392.60	67,455.55
Maintaining Jt. Tracks, Yards and other Facilities—Cr.	11,591.46	11,085.06
Right of Way Expenses.....	1,607.13	1,611.93
Total.....	\$ 3,481,240.32	\$ 2,935,534.90
Maintenance of Equipment:		
Superintendence.....	\$ 67,512.46	\$ 64,456.74
Shop Machinery.....	59,080.22	54,124.48
Power Plant Machinery.....	29,346.77	28,678.50
Steam Locomotives—Repairs.....	947,653.42	909,809.79
Other Locomotives—Repairs.....	11,985.24	7,673.42
Freight Train Cars—Repairs.....	821,713.01	568,527.67
Passenger Train Cars—Repairs.....	291,455.54	265,936.86
Work Equipment—Repairs.....	55,276.22	34,845.50
Miscellaneous Equipment—Repairs.....	2,458.26	1,553.14
Equipment—Retirements.....	872.28	1,399.01
Equipment—Depreciation.....	736,054.16	709,540.46
Equip. Amortization in Excess of Normal Depreciation.....	396,820.91	
Injuries to Persons.....	10,515.84	7,198.50
Insurance.....	6,367.73	5,705.72
Stationery and Printing.....	3,141.26	2,509.87
Other Expenses.....	6,646.73	4,547.99
Maintaining Joint Equipment—Dr.	25,911.12	18,191.52
Maintaining Joint Equipment—Cr.	2,055.91	1,931.68
Total.....	\$ 3,470,755.26	\$ 2,682,767.54

The above figures include retirement losses from abandonments, not provided for by depreciation reserves, as follows:

	1941	1940
Maintenance of Way and Structures.....	\$ 172,585.57	\$ 165,970.65
Maintenance of Equipment.....	27,829.39	3,914.13
Total.....	\$ 200,414.96	\$ 169,884.78

Detailed Statement of Earnings and Expenses—Continued

Traffic Expenses:	1941	1940
Superintendence.....	\$ 132,689.80	\$ 123,669.06
Outside Agencies.....	229,550.95	224,434.99
Advertising.....	19,541.12	22,712.84
Traffic Associations.....	9,031.93	8,541.72
Industrial and Immigration Bureaus.....	6,093.82	6,314.89
Insurance.....	212.06	213.35
Stationery and Printing.....	31,586.42	32,208.65
Other Expenses.....	118.44	
Total.....	\$ 428,824.54	\$ 418,095.50
Transportation Expenses:		
Superintendence.....	\$ 171,606.89	\$ 159,127.38
Dispatching Trains.....	104,818.79	96,685.49
Station Employees.....	1,104,785.61	1,034,650.53
Weighing, Insp., and Demurrage Bureaus.....	16,056.76	15,100.10
Coal and Ore Wharves.....	3.00	
Station Supplies and Expenses.....	79,370.74	70,633.74
Yard Masters and Yard Clerks.....	143,105.81	129,561.08
Yard Conductors and Brakemen.....	377,584.46	335,717.15
Yard Switch and Signal Tenders.....	17,111.51	12,127.66
Yard Enginemen.....	218,064.94	194,680.38
Yard Motormen.....	32,505.37	29,124.98
Yard Switching Fuel.....	151,994.93	144,712.02
Water for Yard Locomotives.....	6,375.00	6,159.50
Lubricants for Yard Locomotives.....	4,552.93	3,463.26
Other Supplies for Yard Locomotives.....	2,257.40	1,775.50
Enginehouse Expenses—Yard.....	69,649.80	63,584.90
Yard Supplies and Expenses.....	6,081.73	5,685.91
Operating Joint Yards and Terminals—Dr.....	354,183.50	276,033.14
Operating Joint Yards and Terminals—Cr.....	26,557.74	25,402.35
Train Enginemen.....	954,755.14	867,789.68
Train Fuel.....	1,330,144.59	1,192,509.47
Water for Train Locomotives.....	50,574.23	49,065.31
Lubricants for Train Locomotives.....	31,054.35	26,495.36
Other Supplies for Train Locomotives.....	15,411.94	13,390.07
Enginehouse Expenses—Train.....	169,587.28	157,853.69
Trainmen.....	1,253,506.69	1,128,393.29
Train Supplies and Expenses.....	378,791.72	318,513.93
Operating Sleeping Cars.....	23,870.94	21,981.80
Signal and Interlocker Operation.....	47,051.49	44,562.11
Crossing Protection.....	23,909.14	21,290.11
Telegraph and Telephone Operation.....	23,341.40	18,433.22
Stationery and Printing.....	28,285.07	24,221.81
Other Expenses.....	6,717.20	6,521.44
Operating Joint Tracks and Facilities—Dr.....	76,114.21	65,746.20
Operating Joint Tracks and Facilities—Cr.....	15,169.75	15,763.54
Insurance.....	4,764.77	4,529.53
Clearing Wrecks.....	31,541.72	18,880.10
Damage to Property.....	4,210.42	2,885.79
Damage to Live Stock on Right of Way.....	12,689.05	8,202.53
Loss and Damage—Freight.....	44,599.70	35,809.86
Loss and Damage—Baggage.....	74.14	34.88
Injuries to Persons.....	103,382.35	144,913.78
Total.....	\$ 7,432,759.22	\$ 6,709,800.79
Miscellaneous Operations:		
Dining and Buffet Service.....	\$ 75,636.01	\$ 65,087.55
General Expenses:		
Salaries and Expenses of General Officers.....	\$ 105,281.77	\$ 98,866.70
Salaries and Expenses of Clerks and Attendants.....	354,372.55	330,766.33
General Office Supplies and Expenses.....	30,379.74	29,745.74
Law Expenses.....	69,217.72	60,606.56
Insurance.....	1,463.41	1,471.71
Pensions.....	11,429.29	11,179.22
Stationery and Printing.....	26,158.36	15,746.13
Valuation Expenses.....	777.05	491.28
Other Expenses.....	39,860.95	23,305.71
General Joint Facilities—Dr.....	5,010.30	4,114.41
General Joint Facilities—Cr.....	1,641.92	1,676.21
Total.....	\$ 642,309.22	\$ 574,417.58
Transportation for Investment—Cr.....	\$ 31,493.19	\$ 26,267.99
Total Operating Expenses.....	\$ 15,500,031.38	\$ 13,359,435.87
Net Operating Revenue.....	\$ 4,231,879.75	\$ 3,778,142.63
Percentage of Expenses to Revenue.....	78.55	77.95

COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES
EARNINGS

G. W. Webster and Joseph Chapman, Trustees

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	Year Ended December 31									
	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932
Freight.....	\$ 17,663,263.42	\$ 15,208,572.86	\$ 13,254,75.34	\$ 11,667,344.90	\$ 12,739,867.63	\$ 11,935,939.07	\$ 11,476,446.91	\$ 10,801,061.57	\$ 11,059,271.90	\$ 10,574,606.66
Maintenance of Way and Structures.....	657,089.57	652,227.80	80,078.31	790,180.34	912,553.63	888,049.69	727,245.88	621,963.40	746,711.52	627,900.58
Maintenance of Equipment.....	625,416.44	619,170.35	634,088.12	636,152.73	645,765.50	628,355.43	625,132.71	627,900.58	653,582.37	627,900.58
Passenger.....	137,930.91	124,180.93	117,261.82	116,285.59	135,605.43	138,611.31	113,601.40	116,304.17	130,047.73	117,793.66
Mail.....	258,571.18	256,587.38	281,926.37	284,968.40	294,844.81	274,944.41	226,977.99	216,465.54	232,960.91	214,465.54
Express.....	289,639.61	246,839.16	249,269.65	197,142.89	273,503.06	248,499.94	186,007.78	174,360.97	165,043.35	145,492.13
Miscellaneous.....										
Incidental.....										
Total.....	\$ 19,731,911.13	\$ 17,137,578.50	\$ 15,345,089.61	\$ 13,092,717.35	\$ 15,001,430.06	\$ 14,109,840.75	\$ 13,358,635.39	\$ 12,615,804.88	\$ 12,866,942.87	\$ 12,596,141.46
EXPENSES										
Maintenance of Way and Structures.....	\$ 3,481,240.32	\$ 2,935,534.90	\$ 2,625,301.92	\$ 2,214,324,20.8	\$ 2,315,636.96	\$ 2,200,001,948	\$ 2,110,729,308	\$ 1,819,384,348	\$ 1,920,156,748	\$ 2,057,762,658
Maintenance of Equipment.....	3,470,755.26	2,632,717.54	2,667,319.54	2,669,510.05	2,837,621.15	2,701,068.24	2,533,807.63	2,496,274.49	2,961,240.32	2,961,240.32
Traffic Expenses.....	4,183,065.50	4,183,065.50	4,158,144.23	4,158,144.23	4,158,894.05	4,252,467.87	4,199,518.48	4,075,540.73	4,371,204.95	4,277,956.88
Transportation Expenses.....	7,432,758.22	6,709,800.79	6,449,749.07	6,239,978.33	6,229,779.36	6,041,232,57	5,721,985.92	5,202,256.68	4,965,400.86	5,277,956.67
Miscellaneous Operations.....	75,007.55	79,820.96	70,461.10	70,461.10	70,461.10	63,858.95	47,002,98	35,056.95	50,872.22	50,872.22
General Expenses.....	612,308.22	574,417.58	577,133.07	569,702.17	661,334.14	703,691.83	610,042.56	796,011.54	734,94.88	715,62.51
Transportation for Investment-Ctr.....	31,493.19	26,267.99	13,887.30	19,813.97	38,914.72	21,117.40	16,121.05	10,237.62	12,456.05	19,232.10
Total.....	\$ 15,500,031.38	\$ 13,339,435.87	\$ 12,799,610.90	\$ 12,144,255.64	\$ 12,790,332.30	\$ 12,119,152.00	\$ 10,437,444.80	\$ 10,758,355.20	\$ 10,650,284.47	\$ 11,514,899.15
Percentage of Expenses to Earnings.....	78.5%	77.9%	83.4%	88.7%	85.3%	85.9%	85.9%	85.3%	82.6%	91.4%
Net Revenue from Ry. Operations.....	\$ 4,231,879.75	\$ 3,778,142.63	\$ 2,545,478.71	\$ 1,548,442.21	\$ 2,210,387.76	\$ 1,990,688.75	\$ 1,871,190.59	\$ 1,857,449.68	\$ 2,236,664.40	\$ 1,081,442.31
Railway Tax Accruals.....	\$ 1,464,717.12	\$ 1,273,346.04	\$ 1,230,812.35	\$ 1,231,208.69	\$ 867,243.49	\$ 1,130,000.49	\$ 844,100.63	\$ 801,942.69	\$ 998,010.98	\$ 1,212,376.10
Uncollectible Ry. Revenues.....								\$ 7,644.63	\$ 6,486.08	\$ 4,847.00
Railway Operating Income.....	\$ 2,767,176.63	\$ 2,504,796.59	\$ 1,314,666.36	\$ 317,153.52	\$ 1,343,354.27	\$ 860,688.06	\$ 1,027,089.96	\$ 1,047,842.36	\$ 1,232,187.34	\$ 1D.135,781.48
Hire of Equipment—Net.....	\$Dr. 160,290.22	\$Dr. 310,211.51	\$Dr. 210,064.70	\$Dr. 348,600.75	\$Dr. 273,790.79	\$Dr. 4,891.29	\$Or. 39,665.02	\$Dr. 35,819.18	\$Dr. 12,637.19	\$Dr. 197,216.93
Joint Facility Rents—Net Dr.	152,303.16	161,956.20	161,954.88	226,132.98	190,731.31	196,813.52	206,908.31	199,013.15		
Net Railway Operating Income.....	\$ 2,313,569.25	\$ 2,036,278.48	\$ 842,972.94	\$Dr. 154,896.40	\$ 768,560.54	\$ 395,623.96	\$ 825,382.15	\$ 881,599.07	\$ 997,355.01	\$Dr. 346,635.60
Non-Operating Income—Net.....	\$ 130,607.49	\$ 131,675.53	\$ 149,907.79	\$ 173,300.66	\$ 149,030.88	\$ 306,658.99	\$ 51,276.10	\$Dr. 68,548.87	\$ 39,753.48	\$ 54,4,501.58
Income Before Fixed Charges.....	\$ 2,444,176.74	\$ 2,167,955.01	\$ 992,970.73	\$ 18,404.26	\$ 917,591.42	\$ 702,582.95	\$ 876,658.25	\$ 813,050.20	\$ 1,037,198.49	\$ 198,865.98
Fixed Charges.....	\$ 6,606,813.07	\$ 6,596,754.30	\$ 6,625,355.67	\$ 6,636,714.00	\$ 6,652,688.64	\$ 6,264,335.28	\$ 6,101,004.94	\$ 5,891,592.88	\$ 5,890,604.24	\$ 5,737,905.72
Net Deficit to Surplus.....	Dr. 4,162,636.33	Dr. 4,228,799.20	Dr. 5632,384.91	Dr. 6638,309.74	Dr. 5735,097.22	Dr. 5561,582.33	Dr. 5221,046.09	Dr. 5078,512.68	Dr. 4,633,466.75	Dr. 5339,097.74
Average Miles Operated.....	3,223.76	3,224.18	3,227.18	3,228.98	3,232.63	3,247.88	3,249.88	3,251.01	3,262.42	
Operating Revenue per mile of road.....	6,700.77	5,153.33	4,754.57	4,601.63	4,344.32	4,110.50	3,880.58	3,987.21	3,860.98	
Operating Expenses per mile of road.....	4,808.06	4,435.51	3,966.19	3,761.02	3,956.79	3,714.04	3,534.72	3,289.23	3,539.33	
Surplus Income per mile of road.....	\$Dr. 1,291,241	\$Dr. 1,373,821	\$Dr. 2,053,301	\$Dr. 1,747,13	\$Dr. 1,667,255	\$Dr. 1,662,14	\$Dr. 1,489,61	\$Dr. 1,637,83		

FREIGHT TRAFFIC MOVEMENT
(Company's Material Excluded)

COMMODITY	Year Ended Dec. 31, 1941		Year Ended Dec. 31, 1940	
	Tons	Per Cent	Tons	Per Cent
Products of Agriculture				
Wheat.....	842,847	10.24	841,249	12.29
Corn.....	70,608	.86	48,449	.71
Oats.....	80,355	.98	54,177	.79
Barley and rye.....	254,730	3.10	126,598	1.85
Rice.....	997	.01	1,083	.02
Grain, N. O. S.....	750	.01	756	.01
Flour, wheat.....	28,336	.34	30,611	.45
Meal, corn.....	918	.01	1,502	.02
Flour and meal, edible, N. O. S.....	810	.01	643	.01
Cereal food preparations, edible, N. O. S.....	1,929	.02	1,755	.03
Mill products, N. O. S.....	70,104	.85	62,726	.92
Hay and alfalfa.....	16,892	.21	22,552	.33
Straw.....	1,105	.01	1,257	.02
Tobacco, leaf.....	171	—	157	—
Cotton in bales.....	325	.01	169	—
Cotton linters, noils and regins.....	1,238	.02	189	—
Cottonseed.....	162	—	—	—
Cottonseed, meal and cake.....	20	—	281	—
Oranges and grape fruit.....	6,115	.07	5,784	.08
Lemons, limes and citrus fruits, N. O. S.....	589	.01	935	.01
Apples, fresh.....	7,973	.10	14,958	.22
Bananas.....	2,492	.03	2,743	.04
Berries, fresh.....	86	—	47	—
Cantaloupes and melons, N. O. S.....	44	—	75	—
Grapes, fresh.....	462	.01	449	.01
Peaches, fresh.....	504	.01	626	.01
Watermelons.....	534	.01	321	—
Fruits, fresh, domestic, N. O. S.....	864	.01	878	.01
Fruits, fresh, tropical, N. O. S.....	24	—	36	—
Potatoes, other than sweet.....	36,826	.45	37,349	.55
Cabbage.....	1,173	.01	1,162	.02
Onions.....	195	—	306	—
Tomatoes.....	745	.01	635	.01
Vegetables, fresh, N. O. S.....	1,052	.01	976	.01
Beans, and peas, dried.....	2,479	.03	1,619	.02
Fruits, dried or evaporated.....	466	.01	1,233	.02
Vegetables dry, N. O. S.....	231	—	232	—
Vegetable-oil cake and meal except cotton-seed.....	8,516	.10	6,595	.10
Peanuts.....	124	—	354	.01
Flaxseed.....	74,833	.91	50,026	.73
Sugar beets.....	29,924	.36	14,933	.22
Products of agriculture, N. O. S.....	19,043	.23	14,367	.21
Total.....	1,567,591	19.05	1,350,792	19.73
Animals and Products				
Horses, mules, ponies and asses.....	834	.01	1,504	.02
Cattle and calves, single-deck.....	51,270	.62	41,951	.61
Calves, double-deck.....	77	—	—	—
Sheep and goats, single-deck.....	1,057	.01	1,205	.02
Sheep and goats, double-deck.....	1,041	.01	1,287	.02
Hogs, single-deck.....	4,677	.06	5,790	.09
Hogs, double-deck.....	386	.01	161	—
Fresh meats, N. O. S.....	8,946	.11	8,323	.12
Meats, cured, dried or smoked.....	145	—	864	.01
Butterine and Margarine.....	66	—	162	—
Packing-house products, edible, N. O. S. not including canned meats.....	1,114	.02	1,281	.02
Poultry, live.....	55	—	50	—
Poultry, dressed.....	5,145	.06	5,174	.08
Eggs.....	1,810	.02	975	.02
Butter.....	25,603	.31	23,534	.34
Cheese.....	3,382	.04	2,676	.04
Wool.....	3,116	.04	740	.01
Hides, green.....	14,609	.18	13,377	.20
Leather.....	470	.01	281	—
Fish or sea animal oil.....	165	—	247	—
Animal products, N. O. S. (other than fertilizers and fertiliser materials).....	21,463	.26	18,290	.27
Total.....	145,431	1.77	127,962	1.87

FREIGHT TRAFFIC MOVEMENT—Continued
(Company's Material Excluded)

COMMODITY	Year Ended Dec. 31, 1941		Year Ended Dec. 31, 1940	
	Tons	Per Cent	Tons	Per Cent
Products of Mines				
Anthracite coal.....	25,173	.30	24,725	.36
Bituminous coal.....	553,092	6.72	534,057	7.80
Lignite.....	608,729	7.40	567,443	8.29
Coke.....	40,524	.49	24,829	.36
Iron ore.....	1,502,778	18.26	1,068,913	15.62
Lead ore and concentrates.....	235	.....	70	.....
Zinc ore and concentrates.....	585	.01	71	.....
Ores and concentrates, N. O. S. ....	.....	.....	.....	.....
Gravel and sand (other than glass or moulding).....	8,360	.10	4,203	.06
Stone, broken, ground or crushed.....	95,873	1.17	73,990	1.08
Stone, rough, N. O. S.	8,669	.11	11,273	.17
Stone, finished, N. O. S.	676	.01	1,077	.02
Petroleum crude.....	11,366	.14	27,212	.40
Asphalt (natural, by-product, or petroleum).....	40,677	.49	32,089	.47
Salt.....	19,864	.24	14,635	.21
Phosphate rock, crude (ground or not ground).....	602	.01	385	.01
Sulphur (brimstone).....	10,331	.13	5,854	.09
Products of mines, N. O. S.	118,425	1.44	215,863	3.15
Total.....	3,045,959	37.02	2,606,689	38.09
Products of Forests				
Logs.....	81,087	.99	51,327	.75
Posts, poles and piling.....	85,887	1.05	81,462	1.19
Wood (fuel).....	34,484	.42	37,104	.54
Ties, railroad.....	7,470	.09	8,599	.13
Pulpwood.....	403,721	4.91	382,598	5.59
Lumber, shingles and lath.....	728,983	8.86	456,639	6.67
Box, crate and cooperage materials.....	19,207	.23	19,262	.28
Veneer and built-up wood.....	4,321	.05	4,818	.07
Rosin.....	780	.01	603	.01
Turpentine.....	236	.....	162	.....
Crude rubber (not reclaimed).....	2,538	.03	1,860	.03
Products of forests, N. O. S.	80,663	.98	47,575	.70
Total.....	1,449,377	17.62	1,092,009	15.96
Manufactures and Miscel.				
Petroleum oils, refined and all other gaso-lines.....	431,355	5.24	407,058	5.95
Fuel, road and petroleum residual oils, N. O. S.	86,626	1.05	73,982	1.08
Lubricating oils and greases.....	13,675	.17	14,269	.21
Petroleum products, N. O. S.	295	.01	254	.....
Cottonseed oil.....	241	.....	.....	.....
Linseed oil.....	109	.....	73	.....
Vegetable oils, N. O. S.	206	.....	338	.01
Sugar (beet or cane).....	13,580	.17	13,186	.19
Table syrups and edible molasses.....	535	.01	1,115	.02
Molasses, blackstrap and beet residual.....	5,161	.06	3,728	.05
Iron, pig.....	33,961	.41	17,505	.26
Iron and steel, rated 6th class in official classification, N. O. S.	536	.01	26	.....
Rails, fastenings, frogs and switches.....	2,887	.04	586	.01
Cast-iron pipe and fittings.....	951	.01	1,479	.02
Iron and steel pipe and fittings, N. O. S.	11,274	.14	6,802	.10
Iron and steel; nails and wire, not woven.....	4,881	.06	3,385	.05
Iron and steel, rated 5th class in official classification, N. O. S. (also tin and terne plate).....	46,728	.57	37,539	.55
Copper, ingot, matte and pig.....	20	.....	15	.....
Copper, brass & bronze: bar, sheet & pipe.....	1,000	.01	.....	.....
Lead and zinc ingot, pig or bar.....	87,897	1.07	3,260	.05
Aluminum; ingot, pig or slab.....	41	.....	.....	.....
Machinery and boilers.....	11,992	.15	6,954	.10
Cement, natural or Portland, building.....	74,690	.91	80,870	1.18

FREIGHT TRAFFIC MOVEMENT—Concluded
(Company's Material Excluded)

COMMODITY	Year Ended Dec. 31, 1941		Year Ended Dec. 31, 1940	
	Tons	Per Cent	Tons	Per Cent
Manufactures and Miscel.—Cont.				
Briek, common.....	3,310	.04	3,814	.06
Briek, N. O. S. and building tile.....	21,692	.26	11,491	.17
Artificial stone, N. O. S.....	1,249	.02	385	.01
Lime, common (quick or slack).....	16,815	.21	13,905	.20
Plaster (stucco or wall) and dry kalsomine.....	2,586	.03	3,021	.05
Sewer pipe and drain tile (not metal).....	4,075	.05	3,027	.04
Agricultural implements and parts, N. O. S.....	18,507	.23	17,292	.25
Vehicles, horse drawn and parts, N. O. S.....	90	.....	142	.....
Tractors and parts.....	23,292	.28	23,609	.35
Railway car wheels, axles and trucks.....	2,030	.03	1,095	.02
Automobiles (Passenger).....	6,001	.07	7,147	.10
Auto trucks.....	156	.....	248	.....
Automobiles and auto trucks K. D., and parts, N. O. S.....	1,984	.03	2,156	.03
Automobile and auto truck tires.....	41	.....	113	.....
Furniture, metal.....	174	.....	57	.....
Furniture, other than metal.....	1,058	.01	771	.01
Beverages.....	13,323	.16	13,839	.20
Ice.....	1,045	.01	85	.....
Fertilizers, N. O. S.....	51,351	.62	27,168	.40
Newspaper paper.....	229,726	2.79	226,119	3.30
Printing paper, N. O. S.....	6,371	.08	5,907	.09
Alcohol, denatured or wood.....	499	.01	661	.01
Sulphuric acid.....	1,357	.02	702	.01
Explosives, N. O. S.....	1,339	.01	1,333	.02
Cotton cloth and cotton fabrics, N. O. S.....	1,212	.01	509	.01
Bagging and bags, burlap, gunny or jute.....	1,163	.01	834	.01
Canned food products, N. O. S.....	62,473	.76	41,768	.61
Tobacco, manufactured products.....	6	.....	59	.....
Paints in oils and varnishes.....	566	.01	307	.....
Furnace slag.....	54	.....	.....	.....
Scrap iron and scrap steel.....	94,682	1.15	94,494	1.38
Paper bags and wrapping paper.....	33,865	.41	26,224	.38
Paper board, pulpboard, and wallboard (paper).....	4,277	.05	4,554	.07
Building paper and prepared roofing materials.....	13,399	.16	9,994	.15
Building woodwork (millwork).....	4,989	.06	5,556	.08
Soap and washing compounds.....	3,600	.04	3,042	.04
Glass, flat other than plate.....	1,055	.01	668	.01
Glass, bottles, jars, and jelly glasses.....	4,343	.05	4,470	.07
Manufactures and miscellaneous, N. O. S.....	448,754	5.46	345,096	5.04
Total.....	1,911,150	23.23	1,574,176	23.00
Grand Total, C. L. Traffic.....	8,119,508	98.69	6,751,628	98.65
All L. C. L. Freight.....	107,964	1.31	92,261	1.35
Grand Total Carload and L. C. L. Traffic.....	8,227,472	100.00	6,843,889	100.00

Note—N. O. S.—Not Otherwise Specified.
K. D.—Knocked down.

**Traffic and Mileage Statistics, per Interstate Commerce
Commission Classification**

	Year Ended Dec. 31, 1941	Year Ended Dec. 31, 1940
	Passengers, Tonnage, Rates and Revenues	Passengers, Tonnage, Rates and Revenues
Passenger Traffic		
Number of Passengers Carried Earning Revenue.....	228,545	225,616
Number of Passengers Carried One Mile.....	41,574,011	41,096,774
Number of Passengers Carried One Mile per Mile of Road..	12,896	12,746
Average Distance Carried, Miles	181 91	182 15
Total Passenger Revenue.....	\$657,089 57	\$652,227 80
Average Amount Received from Each Passenger.....	\$2 8751	\$2 8909
Average Receipts per Passenger per Mile.....	\$01581	\$01587
Total Passenger Service Train Revenue.....	\$1,579,411 29	\$1,542,703 55
Passenger Service Train Revenue per Mile of Road.....	\$489 93	\$478 48
Passenger Service Train Revenue per Train Mile.....	\$81792	\$81300
Freight Traffic		
Number of Tons Carried of Freight Earning Revenue....	8,227,472	6,843,889
Number of Tons Carried One Mile	1,885,544,144	1,502,363,433
Number of Tons Carried One Mile per Mile of Road.....	584,890	465,968
Average Distance Haul of One Ton, Miles.....	229 18	219 52
Total Freight Revenue.....	\$17,663,263 42	\$15,208,572 86
Average Amount Received for Each Ton of Freight.....	\$2 14686	\$2 22221
Average Receipts per Ton per Mile.....	\$00937	\$01012
Freight Revenue per Mile of Road	\$5,479 09	\$4,717 04
Freight Revenue per Train Mile	\$5 63892	\$5 27900
Total Traffic		
Operating Revenue.....	\$19,731,911 13	\$17,137,578 50
Operating Revenue per Mile of Road.....	\$6,120 77	\$5,315 33
Operating Revenue per Train Mile.....	\$3 89696	\$3 58638
Operating Expenses.....	\$15,500,031 38	\$13,359,435 87
Operating Expenses per Mile of Road.....	\$4,808 06	\$4,143 51
Operating Expenses per Train Mile.....	\$3 06119	\$2 79573
Net Operating Revenue.....	\$4,231,879 75	\$3,778,142 63
Net Operating Revenue per Mile of Road.....	\$1,312 71	\$1,171 82

Traffic and Mileage Statistics—Continued

CLASSIFICATION	Year Ended Dec. 31, 1941	Year Ended Dec. 31, 1940
Locomotive Mileage, Revenue Service:		
Freight Locomotive-Miles.....	3,155,792	2,904,526
Passenger Locomotive-Miles.....	1,960,310	1,930,308
Switching Locomotive-Miles.....	865,000	810,042
Total Revenue Locomotive Mileage.....	5,981,102	5,644,876
Non-revenue Service Locomotive-Miles.....	148,254	81,545
Car Mileage, Revenue Service:		
Freight Car-Miles:		
Loaded.....	68,606,983	59,261,350
Empty.....	38,996,728	35,662,275
Caboose.....	2,432,634	2,152,259
Total Freight Car-Miles.....	110,036,345	97,075,884
Passenger Car-Miles:		
Passenger.....	3,537,305	3,573,139
Sleeping and Parlor.....	2,613,794	2,559,472
Other Passenger Train Cars.....	4,981,373	5,425,185
Total Passenger Car-Miles.....	11,132,472	11,557,796
Total Revenue Car Mileage.....	121,168,817	108,633,680
Non-revenue Service Car-Miles.....	1,111,906	668,009
Train Mileage, Revenue Service:		
Freight Train-Miles.....	3,132,386	2,880,958
Passenger Train-Miles.....	1,931,021	1,897,555
Total Revenue Train Mileage.....	5,063,407	4,778,513
Non-revenue Service Train-Miles.....	131,406	67,373
Average Number of Passengers per Car-Mile	6.76	6.70
Average Number of Passengers per Train-Mile.....	21.53	21.66
Average Number of Passenger Cars per Train-Mile.....	5.77	6.09
Average Number of Tons of Revenue Freight per Loaded Car-Mile.....	27.48	25.35
Average Number of Tons of Revenue Freight per Train-Mile.....	601.95	521.48
Average Number of Freight Cars per Train-Mile.....	35.13	33.70
Average Number of Loaded Cars per Train-Mile	21.90	20.57
Average Number of Empty Cars per Train-Mile	12.45	12.38
Average Mileage Operated During Year....	3,223.76	3,224.18

ADDITIONS AND BETTERMENTS TO ROAD**Year Ended December 31, 1941**

Engineering.....	Cr.	12,376.18
Land for Transportation Purposes.....	Cr.	10,180.96
Other Right-of-Way Expenditures.....		1,518.62
Grading.....		5,236.78
Bridges, Trestles and Culverts.....		39,469.64
Ties.....	Cr.	3,411.95
Rails.....		26,339.85
Other Track Material.....		91,201.40
Ballast.....		16,298.77
Track Laying and Surfacing.....	Cr.	994.82
Fences, Snowsheds and Signs.....		5,023.60
Crossings and Signs (Old Account #15).....	Cr.	3,963.06
Station and Office Buildings.....	Cr.	58,800.41
Roadway Buildings.....		751.37
Water Stations.....		3,990.45
Fuel Stations.....		8,658.15
Shops and Enginehouses.....		30,782.69
Telegraph and Telephone Lines.....		14,135.94
Signals and Interlockers.....		1,755.13
Power Plants.....		579.13
Power Transmission Systems.....		3,931.65
Miscellaneous Structures.....	Cr.	252.49
Roadway Machines.....		12,338.06
Roadway Small Tools.....	Cr.	63.22
Public Improvements—Construction.....		9,374.62
Shop Machinery.....		26,139.66
Power Plant Machinery.....	Cr.	35,559.15
Organization Expenses.....	Cr.	3.62
General Officers and Clerks.....	Cr.	9.66
Law.....	Cr.	1.74
Stationery and Printing.....	Cr.	4.56
Taxes.....	Cr.	2.60
Interest during Construction.....	Cr.	46.72
Other Expenditures—General.....	Cr.	10.31
Total.....	\$	171,844.06

RESERVE FOR EQUIPMENT DEPRECIATION**As of December 31, 1941**

Depreciation on Steam Locomotives.....	\$	3,160,754.69
Depreciation on Diesel Locomotives.....		27,741.53
Depreciation on Freight Train Cars.....		10,105,194.06
Depreciation on Passenger Train Cars.....		1,853,079.04
Depreciation on Work Equipment.....		399,348.32
Depreciation on Miscellaneous Equipment.....		4,314.43
Total.....	\$	15,550,432.07

ADDITIONS AND BETTERMENTS TO EQUIPMENT

Year Ended December 31, 1941

ADDITIONS:

1 Diesel Switching Locomotive.....	\$ 35,700.00
8 Steam Locomotives—Purchased Secondhand (4 from C. R. I. & P., 4 from Chgo. Ind. & Louiv.).....	64,000.00
Locomotives (costs to rehabilitate 4 Secondhand Locomotives).....	111,424.42
Locomotives—Exhaust Steam Injectors to 7 Locomotives..	15,773.64
Locomotives—Mechanical Lubricators to 8 Locomotives..	10,019.30
Locomotives—Power Reverse Gears on 20 Locomotives..	3,909.83
Locomotives—Install Simplex Stokers to 7 Locomotives..	21,346.17
Locomotives—Construct 4—12,000 gallon capacity Tenders	34,828.21
Locomotives—Construct 1—18,000 gallon capacity Tender.	16,969.04
Locomotives—Miscellaneous Minor Improvements to Locomotives.....	4,921.36
2 Automobile Cars (Reinstated because of shortage of equipment).....	2,901.62
Automobile Cars—Improve auto racks and widen doors..	9,673.53
200 Box Cars.....	593,374.06
38 Box Cars (Reinstated because of shortage of equipment).....	47,168.35
100 Flat Cars.....	258,910.84
2 Gondola Cars.....	8,063.82
Gondola Cars—Steel Doors and Friction Springs.....	6,397.21
Freight Train Cars—Brake Beam Safety Supports and Bottom Rod Guards.....	7,700.16
Freight Train Cars—A. B. Brake Equipment.....	101,403.48
Freight Train Cars—Miscellaneous Minor Improvements ..	10,567.86
6 Combination Mail & Express Coaches (Reclassified account remodeled from 4 Baggage & Smoking Cars and 2 Parlor & Cafe Cars).....	179,112.99
2 Mail & Express Cars (Reclassified account remodeled from 2 Parlor Cars).....	40,082.90
6 Passenger & Baggage Cars (Reclassified account remodeled from 6 Sleeping Cars).....	127,845.18
Passenger Train Cars—Miscellaneous Minor Improvements ..	1,079.65
15 Other Company Service Equipment (13 converted from Revenue Service, 1 reclassified account remodeled from Officer's Car and 1 reclassified account remodeled from Water Car).....	12,052.58
6 Congdon Snow Plows (converted from Tenders).....	6,600.00
Other Company Service Equipment—Purchase 1 Vulcan Steam Hammer.....	2,639.93
Other Company Service Equipment—Miscellaneous Minor Improvements.....	1,369.42
5 Automobiles.....	3,974.93
1 Fordson Tractor.....	879.38
Miscellaneous Accounting Adjustments.....	Cr. 2,678.97
Total.....	\$ 1,737,810.89
DEDUCTIONS:	
6 Locomotives.....	\$ 106,601.70
Locomotives—Extra Tenders (6 converted to Work Service)	21,116.50
Locomotives—Congdon Snow Plows (8 each) (6 converted to Work Service).....	1,646.32
Locomotives—Priest Snow Flangers (28 each).....	2,424.80
3 Automobile Cars.....	5,325.57
Automobile Cars (Retire unnecessary parts).....	66,033.38
13 Ballast Cars.....	12,829.37
77 Box Cars.....	100,615.06
1 Caboose Car.....	1,648.51
5 Flat Cars.....	3,876.65
1 Gondola Car.....	2,038.60
2 Ore Cars.....	3,026.53
14 Refrigerator Cars.....	24,632.60
1 Stock Car.....	1,851.55
1 Baggage Car.....	4,582.08
4 Baggage & Smoking Cars (Reclassified account remodeled into Combination Mail & Express Coaches).....	91,143.90
8 Mail & Express Cars (7 converted to Work Service).....	56,763.25
2 Parlor & Cafe Cars (Reclassified account remodeled into Combination Mail & Express Coaches).....	87,441.46
2 Parlor Cars (Reclassified account remodeled into Mail and Express Cars).....	41,099.21
5 Passenger Coaches (1 car converted to Work Service).....	39,263.08
2 Passenger & Baggage Cars (1 car converted to Work Service).....	8,379.18
6 Sleeping Cars (Reclassified account remodeled into Pas- senger & Baggage Cars).....	143,822.29
1 Motor Car (M-1).....	34,225.56
1 Officers' Car (Reclassified account remodeled into B&B Cook & Bunk Car).....	6,352.23
15 Other Company Service Equipment (1 reclassified).....	16,309.02
4 Automobiles.....	3,262.00
1 Fordson Tractor.....	770.00
Total.....	\$ 887,080.40
Net Additions.....	\$ 850,730.49

EQUIPMENT OWNED DECEMBER 31, 1941**Equipment Owned and Operated****STEAM LOCOMOTIVES**

Steam Locomotives—all classes.....	172
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OTHER LOCOMOTIVES

Diesel Locomotives.....	4
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FREIGHT TRAIN CARS

Automobile Cars.....	[587
Ballast Cars.....	280
Box Cars.....	6,316
Caboose Cars.....	134
Flat Cars.....	389
Gondola Cars.....	706
Ore Cars.....	1,115
Refrigerator Cars.....	11
Stock Cars.....	395
Tank Cars.....	*
	7
Total Freight Train Cars.....	9,940

PASSENGER TRAIN CARS

Baggage Cars.....	29
Baggage and Smoking Cars.....	1
Buffet-Sun Parlor-Lounge Cars.....	4
Cafe-Observation Cars.....	3
Dining Cars.....	8
Mail and Express Cars.....	28
Mail, Express and Coach.....	6
Parlor Cars.....	1
Passenger Coaches.....	44
Passenger and Baggage Cars.....	10
Sleeping Cars.....	5
Tourist Cars.....	6
Sleeping-Restaurant and Lounge.....	2
Drovers Cars.....	5
Total Passenger Train Cars.....	152

WORK EQUIPMENT

Officers' Cars.....	5
Derrick Cars.....	2
Wrecking Cars (Steam).....	5
Other Company Service Equipment.....	173
Total Work Equipment.....	185

MISCELLANEOUS EQUIPMENT

Automobiles.....	10
Electric Trucks.....	2
Lime Spreader.....	1
Spraying Outfit.....	1
Total Miscellaneous Equipment.....	14

*Tanks owned by Chippewa Springs Water Corporation mounted on three flat cars owned by Carrier.

Tanks owned by Gedney Pickle Company mounted on four flat cars owned by Carrier.

MILES OF ROAD OPERATED, DECEMBER 31, 1941**SOLELY OWNED****Minnesota Division**

		Miles
Portal, N. D.	to Minneapolis, Minn., W. Switch Humboldt Yard	543.85
Whitetail, Mont.	to Flaxton, N. D.	136.62
Sanish, N. D.	to Prairie Junction, N. D.	32.80
Plaza, N. D.	to Drake, N. D.	83.62
Max, N. D.	to Hankinson, N. D.	304.58
Pollock, S. D.	to Wishek, N. D.	70.32
Grenville, S. D.	to Fairmount, N. D.	83.61
Total Minnesota Division.		<u>1,255.40</u>

Winnipeg Division

Noyes, Minn.	to Glenwood, Minn.	265.05
Kenmare, N. D.	to Dakota Junction, Minn.	296.44
Armourdale, N. D.	to Egeland, N. D.	21.88
Drake, N. D.	to Fordville, N. D.	130.96
Plummer, Minn.	to Moose Lake, Minn.	192.29
Lawler, Minn.	to East Lake, Minn.	6.51
Ironton, Minn.	to Crosby, Minn.	1.00
Boylston Jct., Wis.	to Brooten, Minn.	175.89
McGregor, Minn.	to Conn. with N. P. Ry.	.06
Total Winnipeg Division.		<u>1,090.08</u>

Minneapolis-Duluth Division

Minneapolis, Minn., 5th Avenue, North	to W. Switch, Humboldt Yard	4.71
Minneapolis, Minn., Camden Place	to Weyerhaeuser, Wis.	112.86
Minneapolis, Minn., Columbia Heights	to Hilo Junction	1.09
St. Paul, Minn.	to Cardigan Junction, Minn.	8.13
Dresser Jct., Wis.	to Superior, Wis., 28th Street	103.30
Superior, Wis., 12th Street Junction	to Interstate Bridge	1.89
Duluth, Minn., Interstate Bridge	to 10th Ave., Freight House	1.39
Summit, Wis.	to St. Croix Falls, Wis.	2.04
Ridgeland, Wis.	to Barron, Wis.	18.52
Rice Lake, Wis.	to Cameron, Wis.	5.68
Superior, Wis.	to Conn. with N. P. Ry.	.68
Total Minneapolis-Duluth Division.		<u>261.29</u>

Gladstone Division

Weyerhaeuser, Wis.	to Sault Ste. Marie, Mich.	378.72
Wisconsin Jct., Wis.	to Winnebago Junction, Wis.	118.80
Appleton, Wis., North Wye	to End of track	1.07
Rapid River, Mich.	to Eben Junction, Mich.	30.54
Total Gladstone Division.		<u>529.13</u>
Total Solely Owned.		<u>3,135.90</u>

JOINTLY OWNED

Sault Ste. Marie, Mich.—Joint with D. S. S. & A. Ry. Co.	1.71	
Minneapolis, Minn.—Joint with N. P. Ry. Co.	.88	
Bemidji, Minn.—Joint with M. & I. Ry. Co.	.19	
Deerwood, Minn. to Cuyuna Range Mines—Joint with N. P. Ry.	21.51	
Total Jointly Owned.		<u>24.29</u>
Total Mileage Owned and Operated.		<u>3,160.19</u>

MILES OF ROAD OPERATED, DECEMBER 31, 1941—Cont.

Total Mileage Owned and Operated.....	3,160.19
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TRACKAGE RIGHTS

Over Wisconsin Central Railway

Superior, Wis., 28th Street....to Tower Avenue.....	2.44
Duluth, Minn., Berwind Jct....to 6th Avenue.....	4.71
Winnebago, Wis.....to Winnebago Jct.....	.06

Total Over W. C. Ry.....	7.21
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Joint With Wisconsin Central Ry.

St. Paul, Minn.....N. P. Ry., Soo Line Jct. to 3rd St.....	2.42
St. P. U. D. Co., 3rd St. to Sibley St.....	.85
C. St. P. M. & O. Ry. and C. M. St. P. & P. R. R., Sibley St. to Chestnut St..	.79
C. M. St. P. & P. R. R., Chestnut St. to Minneapolis, Minn.....	10.54
Minneapolis, Minn.....M. & St. L. R. R., 20th Ave. So. to 4th Ave. North.....	.80
N. P. Ry., 4th Ave. No. to 14th Ave. N..	.66
Superior, Wis.....D. S. Br. Co., Superior, Wis. to Inter-state Bridge.....	.54
L. S. T. & T. Ry., Tower Ave.....	.43
N. P. Ry., Grassy Point Line, Superior Wis. to Duluth, Minn.....	1.96
Duluth, Minn.....N. P. & C. St. P. M. & O., 8th to 15th Ave. West.....	.37

Total Joint with W. C. Ry.....	19.36
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Other

Sault Ste. Marie, Mich.—Union Depot Co.....	.52
Sault Ste. Marie, Mich.—Ste. Marie Bridge Co.....	.52
Deerwood—McGregor, Minn., N. P. Ry.....	30.95
Superior—Ore Dock Line & Hill Ave. Yd.—N. P. Ry.....	.47

Total Other.....	32.46
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Total Soo Line Mileage Operated.....	3,219.22
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